

FINANCIAL TIMES

POLAND The new political landscape Page 18

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World News Business Summary

Warsaw Pact proposes early talks on arms cuts

The Warsaw Pact proposed early talks on reducing tactical nuclear missiles in Europe...

GPA to place record order for 200 new aircraft

GPA, the world's largest aircraft leasing company, based in Ireland, is expected to announce one of the biggest batches of aircraft orders ever...

Recruit spotlight Noboru Takeshita, Japanese Prime Minister, shifted the Recruit scandal spotlight on to his predecessor Yasuhiro Nakasone.

Concorde tail loss A supersonic Concorde lost part of its tail on a flight from New Zealand but landed safely at Sydney airport.

Basque attack Suspected separatist guerrillas killed a civil guard in a submarine-gun attack near the Basque city of Bilbao, Spain, in their first fatal assault this year.

Swapo appeal San Nujoma, leader of Swapo began proceedings to appeal to his fighters to return to Angola.

Lebanese aid Lebanon's Moslem leader welcomed French assistance to impartially over distribution of emergency aid in Beirut despite earlier reports that they would reject it.

North wrote 'lies' A Washington prosecutor said Oliver North wrote 'a pack of lies' in answering congressional queries about US aid to the Nicaraguan rebels.

Cool Bonn reception Vernon Walters, former deputy director of the CIA, is expected to receive a cool reception in West Germany as US ambassador.

Austrian nurse held Vienna police arrested a fifth nurse in the inquiry into the murder of 49 elderly hospital patients.

Ulster bomb attack One person was killed and up to 30 injured in a bomb attack on a Northern Ireland police station.

China-Japan talks Chinese Premier Li Peng, at the start of a five-day visit to Japan, called for more Japanese investment in China.

Mid-east meeting President Hosni Mubarak of Egypt and Yasser Arafat, the leader of the PLO, are travelling to Jordan to discuss peace proposals with King Hussein.

Mexican mass grave A mass grave containing 12 bodies, apparently victims of a drug-smuggling cult that conducted human sacrifices, was found near the Mexican border town of Matamoros.

Khomeini cheque Iranian leader Ayatollah Khomeini has written a cheque for \$10m to help rebuise 25,000 people made homeless by floods in eastern Iran.

Tsar uncovered The body of Russia's last Tsar, believed to have been destroyed by acid, was found by a Soviet writer in 1979 but he dared not tell the world, a Moscow newspaper said.

Georgian party leader offers to quit as Gorbachev urges peace

By John Lloyd in Moscow

GEORGIA'S Communist Party leader, Mr Dzumber Patisashvili, offered his resignation yesterday as Mr Mikhail Gorbachev, the Soviet leader, appealed for an end to violent clashes in the republic, which he said had damaged perestroika.

Mr Patisashvili's position has looked vulnerable since his predecessor - Mr Ednard Shevardnadze, the current Soviet Foreign Minister - came from Moscow to take control of events in the Georgian capital of Tbilisi following the deaths of demonstrators at the weekend.

Mr Gerashimov confirmed reports that Mr Shevardnadze had met leaders of Georgia's nationalist parties, as well as other members of the public and members of the scientific and artistic communities.

Those people either known to be dead or missing, presumed dead. These sources are insisting that 30 is the minimum number of casualties - thus implicitly downgrading earlier estimates, which gained wide currency in Tbilisi, that as many as 200 people had died.

about the events - criticised the lack of information, said the events were a "tragedy" and promised that those responsible would be brought to justice - without specifying whether these were on the side of the troops or the demonstrators.

SmithKline and Beecham agree £6bn merger plan

By Peter Marsh in London and James Buchan in New York

AN AGREED merger aimed at creating the world's second-biggest pharmaceuticals group was announced yesterday by SmithKline Beecham of the US and Beecham of Britain, the two big healthcare companies.

York said the package being offered to SmithKline's shareholders was hard to value, with assessments ranging from \$60 to \$70 a share.

SmithKline Beecham. Mr Bauman, an American, has a good reputation in the City of London for improving the performance of Beecham, which was in difficulties early in the 1980s.

THE DELORES Committee of European Community central bank governors and outside experts yesterday reached unanimous agreement on their report plotting the way towards economic and monetary union in the EC.

ment that has successfully met objections to earlier drafts raised by West Germany, Britain and Luxembourg. If this is the case, the report should be a technical document that nonetheless outlines some of the costs in terms of national sovereignty over economic policy that monetary union in the EC would involve for the member states.

Mexico reveals loan pact with IMF

By Richard Johns in Mexico City and Stephen Fidler in London

MEXICO has released details of an agreement in principle with the International Monetary Fund (IMF) for new loans, an unusual move designed to show the Government has made no concessions to the Fund to secure financing.

creditors next Wednesday on a financing accord. The Mexicans want to include in the agreement a rescheduling and other financing options for banks, including new loans, the voluntary capitalisation of interest, and the reduction of debt and servicing.

outflow of resources to service debts from 6 per cent of gross domestic product to 2 per cent. The letter of intent says that a net increase of the availability of financial resources of \$70m or more will be needed annually during President Carlos Salinas de Gortari's six-year term of office.

Even before EC leaders had seen the report, there were renewed signs that the issue of economic and monetary union was moving back into the centre-stage of European politics.

Mr Pöhl has long maintained that monetary union in the EC and its institutional trappings such as a central bank and common currency should be distant goals to be reached after the achievement of far greater convergence of the 12 member states' economic performance.

Hewlett to acquire Apollo in surprise US computer deal

By Louise Kehoe in San Francisco

HEWLETT-PACKARD, the US electronics and instruments group, is to acquire Apollo Computer, the Massachusetts-based computer manufacturer, in a \$300m cash deal that surprised the US computer industry.

HP and Apollo both have major shares of the workstation market. HP took 16.9 per cent last year, according to Datagroup, the market research firm, while Apollo was estimated to hold 13.5 per cent.

HP is offering \$18.125 per share for Apollo, well above yesterday's opening price for Apollo's shares of \$12.5.

Shortage of labour supply? High land costs? Prohibitive rental costs? Shortage of quality land for expansion?

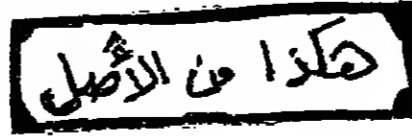
It is a fact that many UK manufacturing and service companies with expansion plans are facing these difficulties, particularly in Regions with low unemployment coupled with high demand for available land and buildings.

MARKETS Singapore Straits Times Index 1200 1160 1120 1080 1040 Jan 1989 Apr INTEREST RATES US LUNCHTIME Federal Funds 9 3/4 (same) 3-mth Treasury Bill yield: 8.96% (same) Long Bond: 97 1/2 (97 1/2) yield: 9.12% (9.09) London 3-month Interbank: close 13 1/4 (same)

STOCK INDICES New York LUNCHTIME Dow Jones Ind. Av. 2,318.18 (+6.5) S&P Comp 299.01 (+0.52) FT-SE 100 2,033 (+1.7) World: 142.88 (Tues) Tokyo Nikkei Ave 33,255.45 (+8.87) Frankfurt Commerzbank 1,721.0 (+8.2) OIL Brent 15-day (Argus) \$19.10 (-0.075) (May) West Tex Crude \$20.55 (-0.185) (May)

CONTENTS Ten commandments of a multi-billion crisis Everyone agrees with President George Bush (left) that the Savings and Loan debacle must be tackled urgently. The only problem is that they disagree on how it must be done. Page 20 Malaysia Rich mix to whet the business appetite Management Selling British insurance 16 Editorial comment: The US-oil conundrum; The price of glasnost 18 Lombard: Waiting for British Telecom to answer 19 Economic viewpoints: Same information, more worries 19 Lax SmithKline Beecham; RMC; Australia; Tesco 20 Technology: Changing face of corporate meetings 23

WHAT'S HOLDING YOUR BUSINESS BACK? Shortage of labour supply? High land costs? Prohibitive rental costs? Shortage of quality land for expansion? Write or phone The Clwyd Industry Team, Clwyd County Council, Shire Hall, Mold, Clwyd CH7 6NB. Tel. 0352 2121 Fax. 0352 700321.





WORLD TRADE NEWS

# Lesotho looks to \$2bn dam for economic lift

Peter Montagnon reports on a project for which South Africa is the sole customer

RAISING \$1bn in foreign loans would be enough of a headache for any developing country in today's difficult markets. For the tiny African state of Lesotho, so poor that it depends almost entirely on concessional aid, it is a major challenge.

Yet the Lesotho Highlands Development Authority (LHDA) is preparing to raise \$1bn to finance a second part of its financing for its ambitious development scheme under which it will eventually supply water at a rate of 70 cubic metres a second to the Vaal triangle industrial area south of Johannesburg in neighbouring South Africa.

Much of the money will come from the World Bank and official export credit agencies, but there will also be a large dose of commercial bank finance. Raising it has been complicated by the involvement of South Africa as backer of the scheme and its sole foreign customer.

Atlantic will be diverted north in a series of tunnels down through the mountains into South Africa's Ash river.

The project has been under consideration for some 30 years, but only now has it begun to take shape. In the hope of a slice of the action, contractors from such far-away places as Turkey and Taiwan are lining up with their South African and European competitors to register for bids by the cut-off date next month. All have been told financing arrangements will be crucial to the award of the work.

For Standard Chartered Merchant Bank retained by LHDA as financial advisers to the scheme there is a particular challenge. It has to persuade potential lenders to stump up long-term funds for a project whose sole customer will be South Africa, a country with serious debt problems of its own and slumped for political reasons by the international financial community.

To skirt the problem it has devised a complex financing structure under which the World Bank will rank on an equal footing with other offshore lenders. Essentially there will be four separate sources of funds for the project. The World Bank itself has offered \$500m but hopes are it will eventually lend up to \$100m; on present estimates export credit agencies should put up some \$270m with additional funds coming from national aid donors - even South Korea and Taiwan are to be asked to consider aid finance later this spring. The balance will be met with offshore commercial bank finance and loans in rand raised through South African banks with a Pretoria government guarantee.

Under a treaty signed in 1986, South Africa has assumed responsibility for the costs of water transfer

How these two last components will be split will depend heavily on who wins the final contract. The water supply scheme is a labour intensive project which will carry a large amount of local costs. Lesotho's currency, the Loti, is fully backed by the Rand to which it stands on a par.

Especially if most of the suppliers are South African it would make sense for the bulk of the financing to be in rand. Yet LHDA is determined to raise a large portion of the local costs in offshore currencies, not least because even

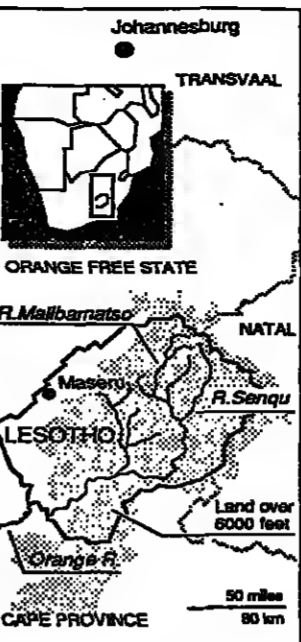
so-called "local costs" will place an indirect burden on the rand area balance of payments. Machinery has to be purchased by local suppliers and fuel has to be imported to run it.

Under a treaty signed between South Africa and Lesotho in 1986, South Africa has assumed responsibility for the costs, including debt service in any currency, of that part of the project relating to water transfer. Lesotho will bear responsibility for an associated hydroelectric power scheme to be financed mostly with aid money and will end its almost total dependency on South Africa for power supplies.

For lenders this means that the risk carries a basic South African flavour even though it is actually the LHDA which is raising the money.

To distance the financing from both the economic and political problems connected with South African loans, a trust fund is to be established in the UK. This fund will receive debt service payments from South Africa and channel them on a *pari passu* basis to all lenders.

One result will be to free lenders of any direct commercial relationship with South Africa. The US government, normally very strict in this regard, has indicated it is a structure which will allow the



# British exports to South Africa up 13% last year

By Michael Holman, Africa Editor

BRITAIN'S exports to South Africa increased by 18.3 per cent in 1988 while sales to Nigeria fell 18.9 per cent, according to the annual report of the London Chamber of Commerce's Tropical Africa section.

The two countries are Britain's largest trading partners in Africa.

UK exports to South Africa reached \$1,075bn last year, but sales to Nigeria dropped to \$390m, the lowest for more than 10 years.

The report makes no comment on Britain's trading relationship with South Africa. But the figures suggest businessmen are responding to the British Government's advocacy of more trade with Pretoria.

Excluding South Africa, Britain had an "indifferent trading year" with the 44 sub-Saharan countries, says Mr Kenneth Ward, chairman of the Tropical Africa Committee.

"The UK still appears not to be exploiting the African economies which are on the mend," writes Mr Ward in the preface. "The value of two-way visible trade increased by an insignificant £117m or just 2.75 per

cent, which probably represents a reduction in real, or volume terms."

He notes that while UK exports to 16 African countries increased in 1988, they declined in 28, including Ghana (down 8.7 per cent) and Mauritius (down 13.1 per cent), where economies are growing.

UK exporters made progress in some Francophone states - Senegal (up 24.4 per cent), Ivory Coast (up 16.4 per cent) - but "overall, this is not a picture from which much satisfaction can be gained."

● BIAO-Afrifbank of France has agreed to assist the financing of US exports through its network of subsidiaries and affiliate banks in 18 African countries, Nancy Dunne reports from Washington.

Under an agreement with the US Export-Import Bank, BIAO-Afrifbank may make fixed-interest, medium-term loans worth more than \$200,000 to finance sales of US manufactured equipment and services. The French institution may also use Eximbank guarantees to cover fixed or floating-rate loans in US dollars or French francs.

# Gatt to start regular trade policy reviews

By William Dullforce in Geneva

THE COUNCIL of the General Agreement on Tariffs and Trade yesterday formally approved plans to start regular reviews of countries' trade policies and endorsed improvements to Gatt's dispute settlement mechanism.

The European Community immediately claimed that, if the revised dispute procedure meant anything, the council had to adopt an important panel ruling against the US for discriminating against foreign companies in the handling of patent infringement cases.

However, the US blocked council approval for the third time running, even though the EC request was strongly supported by 16 other countries. Washington has argued the panel findings have wide-ranging consequences for other countries' trade policies.

The EC said yesterday the findings were strictly limited to the application of section 337 of the US Trade Act to patent cases. US failure to endorse the panel report could have negative repercussions on Gatt's Uruguay Round where protection for intellectual property rights is an issue of contention between industrialised and developing countries.

Canada also clashed with the

US. First, it complained that Washington was planning Gatt-breaching action, to hasten Canada's compliance with a ruling against a ban on exports of Canadian salmon and herring to the US. Secondly, it followed the EC in asking Gatt permission to retaliate against the US, because of Washington's failure to comply with a ruling that the US "Superfund" oil levy discriminates against imports.

The Gatt council yesterday put the stamp on measures to reinforce the multilateral trading system agreed by trade ministers at their mid-term review of the Uruguay Round in Montreal in December, but put "on hold" until the farm trade reform row was settled.

Time limits are being introduced to Gatt's dispute settlement process. The new rules apply only to complaints submitted after May 1 this year.

Gatt will start its trade policy reviews with the US later this year.

The US, EC, Japan and Canada will be subject to review every two years, the 16 next biggest traders at four-year intervals and the others every sixth year. Meetings of Gatt ministers will be held at least once every two years.

# Nicaragua agrees deal for Soviet airliners

By Hugh Carnegie in Jerusalem

AERONICA, the national Nicaraguan airline, is shortly to take delivery of a TU-154 Soviet jet airliner, and two AN-32 turboprop transporters in a deal worth \$30m (\$31m), Tim Coome reports from Managua.

The jet aircraft will be used to improve services on Aeronica's international routes to Panama, Mexico and Guatemala while the turboprops will be used on inland routes.

Aeronica presently uses two Boeing 727s, for its international flights and World War II vintage C-46 and C-47s and one Casa Aviocar for local services.

The US trade embargo on Nicaragua prevents Aeronica from flying to the US, but

according to Mr Julio Rocha, Aeronica's general manager, negotiations are underway to open a new route to Canada.

● The East German state airline Interflug will start flying two Airbus A310 passenger jets on routes to Havana, Peking and Singapore from July, reports the official ADN news agency.

East Germany agreed last July to lease three Airbus airliners made by a consortium of French, West German, British and Spanish companies.

The Interflug aircraft will be able to carry 208 passengers and have a range of 9,760 km. ADN did not say when the third Airbus would be brought into service.

# Palestinian farm exports to EC run into problems

By Hugh Carnegie in Jerusalem

THE FIRST season of direct farm produce exports from the Israeli-occupied West Bank and Gaza Strip to the European Community has fallen disappointingly short of targets set last year, but EC officials and producers say they will persevere next season.

After a long diplomatic battle with a reluctant Israel to win direct export rights for the Palestinians, the EC was dismayed when the first two shipments in December, of 1,100 tonnes of grapefruit from Gaza and 40 tonnes of subergines and peppers from the West Bank, ran into a series of problems which left exporters angry and out of pocket.

Subsequently, two loads of Valencia oranges, totalling 1,250 tonnes from Gaza were shipped to Rotterdam and nearly 50 tonnes of subergines and peppers went to France from the West Bank. EC officials said these were sold successfully at good prices.

However, the amount reaching European markets was

nowhere near the 16,000 tonnes which Gaza producers originally contracted to ship between December and April.

Problems included delays at Israeli ports, spoiling of produce en route and disputes with importers over prices and marketing. Mr Hashem Ata Shawa, chairman of the Gaza Citrus Producers Union, said two shipments of oranges had to be cancelled after preparation was disrupted by lengthy customs during the Palestinian uprising. Frost damage had also been a factor. He said one further shipment of oranges might be possible this season.

The difficulties at the destination seem to have been smoothed. Mr Shawa said producers had lost money on the December grapefruit shipment after a row with the wholesaler, but had received payment for the two subsequent orange loads, albeit after some delay in one case. "It was a difficult beginning, but we hope next season will go better," Mr Shawa said.



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donation of just £25 (for European destinations) or £50 (for International destinations) to receive your second ticket. It could be just the break your partner needs. It's certainly a break the children need. For full details, talk to your travel agent today or telephone British Airways on 01-897 4000.

SUBJECT TO GOVERNMENT APPROVAL AND THE TERMS AND CONDITIONS OF THE OFFER.

# A Visionary LEAP Across

All is not well with information technology in business.

Certainly, the time and cost benefits of IT are now well recognised. But a NCC survey shows that only 28% of managers believe they are using IT successfully.

Worse still, a recent Computer Weekly survey reveals that 43% of systems are being delivered late; a further 45% are delivered over budget.

Bad news for business.

Especially as computer and communication technologies are becoming ever more critical for improving management control and customer service.

## "Make mine a BMW"

So, why is IT not being permitted to deliver its benefits to business? Is it a technical problem?

No, it's a people one.

The talent pool is not growing fast enough. You see evidence of it every weekend, in those far recruitment sections in the Sundays; a lot of money chasing too few people.

And just round the corner is a serious decline in our school output (33% drop from '83 to '93).

New entrants into IT can therefore be very selective (and demanding) about their potential employers.

Meanwhile, the increasing sophistication of IT only exacerbates the problem. To maintain your computers and communications, you now need an army of IT specialists.

Not only are they able to command hefty salaries, a single IT environment is unlikely to stretch them; they quickly become bored.

Before you know it your company name is back in the recruitment sections.

## The vulnerable Chief Executive

So what is UK management doing about the IT skills gap? Depressingly, not a lot.

In the time-honoured way it treats the symptoms, not the causes.

Typically it increases salaries which only adds to spiralling IT budgets. Meanwhile high staff turnover causes projects to slip, which leads directly to user dissatisfaction. Both problems pitch up on the Chief Executive's desk attached to urgent pleas for action.

The company sails on. But, without an efficient IT resource, it's badly holed.

(And captains of industry have an uneasy time aboard leaking ships.)

So, if IT is now the prominent source of strategic leverage, what can be done?

# The I.T. SKILLS GAP.

## The Vision

The answer — a radical change in business attitudes and practice in relation to IT.

Firstly, immediately shift specific functions such as systems maintenance and operation, or even whole IT functions, out-of-house to companies specialising in providing IT services.

Secondly, concentrate on those systems and projects which contribute DIRECTLY to the achievement of your business objectives.

Next, raise the level of IT literacy of your senior managers (and yourself?) so that you and your colleagues can make informed decisions about how and where IT can most effectively contribute to your operational efficiency.

Finally, look at HOW your IT budget is being spent. (Typically up to 70% will be committed to maintaining and running out-of-date systems; think what could be achieved if even part of it was released to work on current and future projects.)

## The Reality

So, is Hoskyns saying we've closed the IT skills gap?

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For our clients we've produced practical strategies advice, we've developed state-of-the-art solutions and we've trained their users in how to get the best out of those solutions — and where appropriate we've taken responsibility for running their systems.

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And that, frankly, positions our 'vision' firmly where it belongs — on the bottom line.

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Supply. Systems Integration. Facilities Management.  
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OVERSEAS NEWS

# Trade hawks in dog-fight over the FSX

Stefan Wagstyl on the logic behind the rhetoric concerning the US-Japanese fighter

**T**HE US and Japan have fought some hard battles in the past over technology. But they pale beside the fight over the planned joint development of the FSX military aircraft. Under the terms of an agreement signed in the last few weeks of the Reagan Administration, the two countries are to develop jointly a new fighter, based on the US F-16. But one of the first acts of President George Bush was to order a review of the project which is now dragging into its third month.

The arguments in Washington have ranged widely over political, economic and military relations between the two countries. But a key element of the dispute is increasing doubts in the US over the wisdom of handing over to Japan American technology embodied in the aircraft. Trade hawks in Washington believe that in transferring information to the Japanese aerospace industry the US may be sacrificing its commercial interests for the sake of its military alliance. In particular, they argue that US technology may help Japan build a commercial aircraft industry to rival America's.

The Pentagon, which stands by the deal, says this is not true. So does Japan which is getting increasingly annoyed about the new administration's attitude. "This has some seeds of distrust in the US-Japan relationship," says one Western diplomat in Tokyo. Mr Takaaki Yamada, executive vice president of Mitsubishi Heavy Industries, says Japan will have to be more careful in future about entering joint development projects.

Under the terms of the agreement, the US promised to transfer to Japan the designs for the F-16 developed by General Dynamics, a US military contracting company. For its part, Japan would make available to the US all the modifications carried out during the FSX's development. This includes two especially valuable innovations - a multi-target radar system and the ability to produce an entire wing out of just two pieces of carbon-fibre reinforced material, which is both lighter and stronger than aluminium. Japan will pay just \$480m to the US for F-16 technology which cost \$5m-\$7bn to develop. On the face of it, this seems a bargain, as the trade hawks argue. But Japanese industry executives answer that the technology in F-16 is

|      | Growth in Aircraft Production |             |                      |           |
|------|-------------------------------|-------------|----------------------|-----------|
|      | Total                         | Military(%) | domestic civilian(%) | export(%) |
| 1983 | 345.9                         | 78          | 11                   | 13        |
| 1984 | 434.2                         | 82          | 2                    | 10        |
| 1985 | 543.4                         | 85          | 7                    | 8         |
| 1986 | 505.1                         | 83          | 2                    | 8         |
| 1987 | 540.5                         | 80          | 11                   | 9         |
| 1988 | 536.8                         | 73          | 11                   | 11        |

old, since the aircraft dates back to the late 1970s. General Dynamics has itself developed a more advanced version which it is not going to share with Japan. Nevertheless, the F-16 technology does include valuable items, notably sophisticated computer codes - called source codes - which enable a pilot to control an aircraft through electronic rather than hydraulic instruments. Japan has its own version installed in an experimental craft called the Control Configured Vehicle or CCV. But this is regarded by both US and Japanese military experts in Tokyo as being primitive in comparison with the flight- and combat-tested F-16.

Another crucial American contribution to the FSX will be engine technology. Japan is well behind the US and Europe in developing jet engines. The most powerful domestically-produced engine is one made by Ishikawajima-Harima Heavy Industries, with a maximum thrust of 3,680 pounds, against 25,000 pounds needed for a jet fighter. Japan will be free to choose between engines supplied by Pratt & Whitney and General Electric for the FSX. But it will not be allowed to play the two companies off against each other to win increased access to technology. Key parts of the engine will be supplied as black box items - that is, finished products - and excluded from the co-development programme. The same applies to some other of the most advanced components in the F-16, including source codes. US military experts in Tokyo say that in over 30 years of producing American military aircraft under licence, Japan has never broken open a black box and stolen technology.

The other side of the agreement is the technology which will be transferred from Japan to the US. As the Japanese point out, this will be handed over free, with no restrictions on its application within the US to other projects, including commercial ones. The US Defence Department rates this Japanese know-how very

highly, particularly the phased-array radar, developed by Mitsubishi Electric. This is a radar capable of tracking several targets and simultaneously directing fire. US military experts in Tokyo say the only similar radar in the US small enough to be installed in a fighter is still in the laboratories at Texas Instruments and at Westinghouse. Mitsubishi's model has been test-flown over 60 times.

In composite materials the Japanese lead is less dramatic. The techniques, involving treating and baking a mixture of carbon fibres and resins, are familiar around the world. But making anything as large as a wing requires very precise control of the chemical reactions involved. Western military experts in Tokyo say a US company might also be able to apply the technique to making whole wings but the development costs would be high. Neither side is giving the

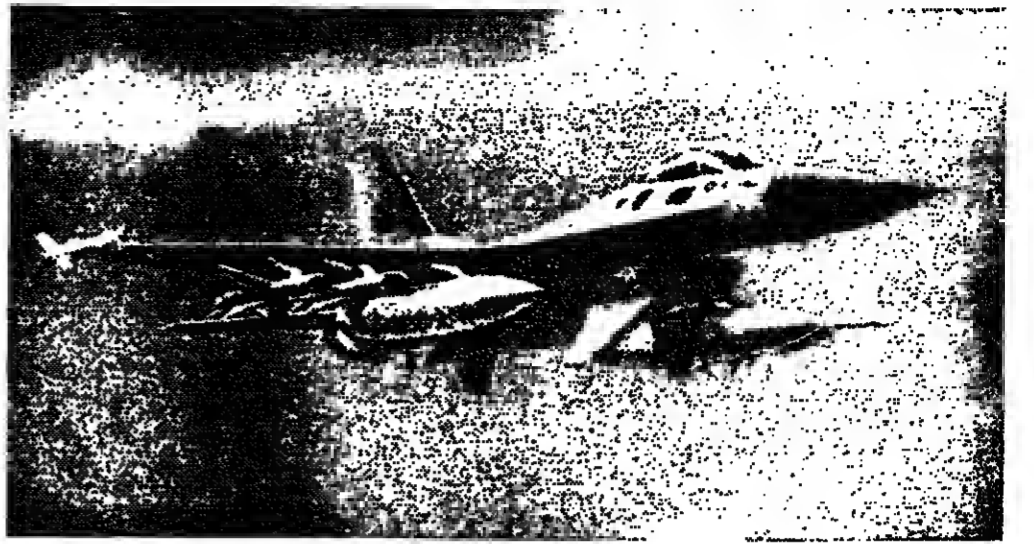
other technology which it would otherwise find impossible to develop. The Japanese have CCV, the US has a laboratory version of miniaturised phased-array radar. But the transfers will save both sides a great deal of time and money. Japan estimates that the FSX will cost ¥166bn (¥733m) to develop. Even if this proves too low, as is widely expected, the development budget will be a fraction of the cost of independent development. For example, Israel's Lavi fighter was scrapped because it was too expensive after the equivalent of ¥300bn was spent. The US's savings will be smaller. But the cost of developing composite-material wings alone has been put at several hundred million dollars.

However, the US trade hawks say that the balance of advantage on the FSX project itself is only half the story. They claim that Japan will be profiting from the deal by transferring know-how to other fields, especially civil aerospace. The Pentagon denies this. So does Mitsubishi's Mr Yamada who says military and civil aerospace design are completely different. He may be right with regard to direct technology transfers. But Japanese companies have in the past derived indirect benefits from applying military technol-

ogy to civilian fields - Mitsubishi makes the MU-300 business jet on the F-15 production line, for example.

Nevertheless, if such transfers posed a threat to US aircraft manufacturers, then Boeing and McDonnell Douglas might be expected to be leading the protests against the FSX. In fact they have thrown their weight behind the deal. The truth is that Japan already has a moderately advanced aerospace industry. It has been held back from joining the US and Europe in the front-rank not just by a lack of technology but also by an awareness of the commercial risks of plunging into a high-cost market.

Japan has produced aircraft from US designs since 1964, honing production engineering skills which are regarded as good as any in the world. Boeing, the world's largest aircraft-maker, buys parts from 200 Japanese companies, including Mitsubishi, which makes fuselage and wing sections. It is a commonplace in the aircraft industry that F-15 built under licence in Japan are more reliable than the same aircraft made in the US. Japanese companies have made no secret of their desire to make the leap from producing civilian aircraft under licence to independent development. The Ministry for Interna-



An artist's impression of the US-Japanese FSX fighter aircraft

tional Trade and Industry said 20 years ago in an industrial policy document that aerospace would be a future pillar of the economy. However, the ministry's ambitions have yet to be fulfilled. Japan independently developed a commercial aircraft in the 1960s, the 60-seater YS-11. But only 128 were sold. MITI since 1977 has financed the development of a STOL - short take-off landing - and completed test flights earlier this year, but it will not be put into production mainly for lack of potential customers. Mr Yamada says it takes a very long time for a newcomer to acquire enough credibility

in the international market to make a commercial success of making civilian aircraft. So for at least another 10-15 years, Japan could not independently develop a large jet, with 100-plus seats, he says. It might be possible to build a smaller aircraft, but only if there was sales potential for it. "I don't think the time is right now." As a result, Japanese companies are keen on expanding joint development programmes. Three groups - Kawasaki Heavy Industries, Ishikawajima-Harima Heavy Industries and Fuji Heavy Industries - belong to an international consortium to

build the V2500, an engine for 150-seater aircraft. Also, Japan is a minority partner in a project to build a new Boeing, the 150-seater 737, and is separately looking for US and European companies to share the cost of developing a 75-seater, the YSX. In each case, Japan's present and future partners are aware of Japan's track-record in capturing world markets from Western companies. But so far this has not prevented them from co-operating with Japanese companies out of fear of losing a technological lead. Financial logic has driven the West into joint ventures, as it should with the FSX.

# 1.

If you hold fixed-interest National Savings Certificates which are more than five years old, they're probably earning interest at the General Extension Rate, which is now 5.01% pa tax-free. But this isn't a guaranteed rate - it can vary from time to time.

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## COMBAT STRESS

'Perhaps the bravest man I ever knew... and now, he cannot bear to turn a corner'

Six-foot-four Sergeant 'Trot' STYVA, DCM, was perhaps the bravest man his Colonel ever knew. But now, after seeing service in Aden, after being badly wounded and ambushed in Northern Ireland, Sergeant STYVA cannot bear to turn a corner. Fear of what is on the other side.

In the Services that suffer most from mental breakdown, for they have tried, each one of them, to get more, much more, than they could in the service of our Country.

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## UK courts' timid approach to European Community law

In the face of the overconfident and extremely free interpretation of European Community law by the EC Commission and the European Court, the attitude adopted by the UK courts appears distinctly different and timid. This contrasts with the attitude of German courts, which provide Luxembourg judges with more references than courts of any other member state, but zealously guard the fundamental rights of German nationals and residents, writes A.H.Herman.

The French courts have a different solution to the problem: they see no need of asking the European Court for interpretation of Community laws and regulations, the meaning of which seems clear to them. Two topical examples of the great variations in the interpretation of Community law are at hand. One is the opinion of Mr Advocate General Mischo (1) in the appeal of Hoechst AG, Dow Benelux N.V., Dow Chemical Iberica, Aludis S.A. and Euprepa National del Petrol S.A. against a decision of the Commission ordering searches in the premises of the five companies and another decision imposing daily enforcement fines.

The other example is provided in London by the judgments of the Divisional Court and of the Court of Appeal (2) concerning the British refusal to register foreign — mainly Spanish — trawlers as British fishing vessels, and preventing them from exploiting UK's fishing quota. The first example — a side show to investigations which led to 17 chemical companies being fined a total of Ecu 37m (\$57m) — has its roots in an attempt by the Commission to stage a down raid on the Frankfurt headquarters of Hoechst, one of the three big German chemical companies, to obtain evidence of a suspected polyethylene cartel. This was prevented by an injunction obtained from the Frankfurt Regional Court on the grounds that a search without a court warrant would infringe the privacy of premises, guaranteed by the Fundamental Law of the Federal Republic.

The Federal Cartel Office

(FCO), which the Commission went to for assistance, was rather put off by the Commission's refusal to reveal its reasons for suspecting a cartel. Nevertheless, it applied for a search warrant in the Frankfurt Amtsgericht but did not appeal when this was refused, fearing that without stating the grounds for suspicion, an appeal would be hopeless. The Commission then imposed on Hoechst a daily fine of Ecu 1,000 until the company would open to it its doors and archives. This came to an end on April 2 1987, after the FCO obtained a search warrant in response to a "new application" to the Amtsgericht.

The appeals attack the decisions and actions of the Commission on two grounds. First, they claim that the Commission overstepped the powers of investigation which it has under Regulation 17/82 and British fishing quotas. Second, they see in the enforcement and conduct of searches an infringement of the European Convention on Human Rights, which Community institutions are bound to respect as part of the law common to member states.

Regulation 17/82 provides in Art. 143 that enterprises and their associations "shall submit to investigations ordered by decision of the Commission." Such decisions should state what will be investigated. Art. 15(1) of the Regulation provides for enforcement fines on companies which intentionally or negligently "produce the required books or other business records in incomplete form" during investigations... or refuse to submit to investigations.

Taken together, Arts 14 and 15 give the Commission power to enter premises and ask for documents and information, which the investigated enterprise is obliged to provide. This is also the view of the FCO. The Commission, however, insists that it has the power to open filing cabinets, desks and briefcases of employees, and search them.

The Advocate General concluded that such searches are not "searches" but "investigations" authorised by the Regulation. "When I use a word, it means just what I choose it to

mean — neither more nor less" seems to be the latest Humpty Dumpty rule of interpretation, awaiting confirmation by the European Court.

The same rule helped the Advocate General to dispose of the "human rights" argument. Having found that member states do not allow officials to enter private premises without a court warrant, he concluded that this concerns only the enforcement of such entry and the threat and imposition of daily enforcement fines were not enforcement.

If the Commission, supported by Mr Advocate General Mischo, is too free with the words of the law, the English courts are not free enough. Faced with the claim of Spanish fishermen that it is against the EEC Treaty principle of non-discrimination on the grounds of nationality to deny them the exploitation of the British fishing quota, the Divisional Court said that this must be decided by the European Court and ordered the UK Government to refrain from implementing the Merchant Shipping (Registration of Fishing Vessels) Regulations 1988 made under the Merchant Shipping Act 1988. These regulations established, as from March 31 1989, a new register of fishing vessels from which foreign trawlers would be excluded.

This order of the Divisional Court was struck down by the Court of Appeal, where Lord Donaldson said that both in the UK and in the EC, laws and regulations are presumed to be valid until voided by a decision of the courts.

There is even an explicit decision of the European Court to this effect, and if the lawyers of the Secretary of State for Transport had looked it up (in any better textbook on EC law) before going to the Divisional Court, there would have been no injunction and no need for an appeal.

However, without their failure it would have never been revealed that not only the Divisional Court but even the Court of Appeal do not appreciate fully that, as Lord Denning said, Community law must be interpreted according to civil law principles of interpretation as practice by the European

Court. This means not only according to the purpose of the individual provisions but also with regard to its place in the system of law.

Lord Donaldson seemed reconciled with the fact that the European Court, by making new law, can cut short the life of national laws and regulations perfectly valid at the time they were made. He did not strike down the reference to the European Court. A French court, I dare say, would have reasoned differently. It would have considered the issue in the framework of the entire system of Community law.

By doing so it would have reached the same conclusion as the proverbial man on the Clapham omnibus: there is no point of having national fishing quotas open to all member States. By giving to the EC Council the right to establish such quotas, the EEC Treaty limited the application of the principle of non-discrimination. That was "clear", the French court would have said, no need to ask Luxembourg.

Lord Donaldson was standing at the door to such a solution when he said: "Underlying the whole of this problem is the unusual (to a British lawyer) nature of Community law, which is long on principle and short on specifics. This is intended as a statement of fact rather than criticism. Indeed, my own view is that Parliament would render a service to the nation if it moved slightly more in the direction of Community law and thus enabled the Judiciary more easily and more appropriately to apply the law to unusual or unforeseen circumstances. However the result is often that the British courts are faced with an undoubted right or duty under British law and a claim that an inconsistent right or duty exists under Community law. If the British court can ascertain the nature and extent of this competing right or duty, there is little difficulty in resolving any inconsistency on the basis that the Community law is paramount. This is the *acte clair* situation, but it is a comparative rarity."

What a pity Lord Donaldson did not open the *acte clair* door to the solution of the case before him.

## UNIT TRUST ASSOCIATION

# 1988 AN EVENTFUL YEAR FOR THE UNIT TRUST INDUSTRY



Bill Shuttleford,  
Chairman, UTA  
(Extracts from the  
Chairman's  
Statement at the  
twenty-ninth  
Annual General  
Meeting of the Unit  
Trust Association on  
Wednesday, 12 April  
1989)

### Sales in Perspective

Experience of other bear markets has taught us that private investors take time to recover their nerve, and so the relative scarcity of new money for investment was hardly surprising. However the setback to our sales efforts must be put in perspective. The net new investment totalled \$1.8 billion during the year, a figure which is better than the totals in both 1983 and 1984, years which we thought were good at the time. Moreover there was little or no sign of a general exodus from the market, and the number of individual unit trust holdings remained consistently around the 4.9 million mark.

### A Growing Industry

There has been speculation about the possibility of mergers between companies and the withdrawal of big groups from the industry. We believed that this pessimism was unjustified. I have consistently predicted that the number of companies and indeed of trusts would increase rather than decrease. Although it would be rash to suggest that we have definitely passed the nadir of profitability, my earlier prediction on numbers was certainly proved right during 1988. New groups have entered the market, some with household names, and many new trusts have been launched.

### The Future

Finally, a word about the future. The introduction of new rules is behind us, the market has recovered and public confidence does seem to be returning. In the new rules on Personal Equity Plans the unit trust industry has exciting new opportunities. We shall soon be able to sell units elsewhere in Europe. New types of funds, including for the first time property unit trusts for the individual investor, are becoming available. It should certainly be a better year after the volatile nature of the last two, and I wish my successor and all our members the best of good fortune.

### Good Performance

The success of UK income funds in producing a good capital performance and increasing distribution as well is particularly pleasing. The UTA regularly produces statistics showing the superior returns which have been achieved in the long run from unit trusts compared with those from cash deposits, and in spite of the falls in 1987, I see no reason to doubt that my successors will still be able to quote such a favourable comparison.

Free literature on unit trusts is available on sending a request to: Unit Trust Association, 65 Kingsway, London WC2B 6TD.

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The year 2010 may seem far off. But there is one prophecy we can make right now: energy economy, transportation, and environmental protection issues will be no less important than they are today.

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Or take ceramic fuel cells, which convert the latent energy potential of fuels directly into electrical power. Their use in power generation will lead to spectacular increases in efficiency and minimize CO<sub>2</sub> emissions.

Novel semiconductor devices and power electronic systems will play an important part in future, safe, high-speed, rail transportation systems, both in and between major cities. And emission-free electric vehicles will become a practical alternative to today's cars with internal combustion engines.

The \$1.5 billion we invest annually in research and development of this kind is not only of benefit to our customers in terms of immediate results. It also ensures that they will have a business partner at the leading edge of electrical engineering and environmental technologies 20 years from now.

Which is when our children will take over.

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## UK NEWS

## Court rules against Woolwich in tax row

By David Barchard

THE COURT OF Appeal yesterday ruled against Woolwich Building Society, the savings institution, in its long-running dispute with the Inland Revenue tax department over the payment of composite rate tax between October 1985 and April 1986.

The ruling, which overturned a High Court judgment in favour of Woolwich in July 1986, means that the society must repay £75m to the Revenue within the next seven days.

Had Woolwich won its case, the Inland Revenue would have been obliged to pay up to £800m in overpaid tax to other building societies, although it might have been able to set additional payments of £200m in higher corporation tax against this.

However, yesterday's ruling may not be the final stage in the dispute. The Court of Appeal gave leave to the society to seek a final ruling in the House of Lords.

The dispute between Woolwich and the Revenue began in 1985 when changes were made in the way building societies pay composite rate tax to depositors. The society claims that the arrangements in force at the time amounted to double taxation.

Last July, in a separate case, Woolwich lost the right to claim interest on overpaid tax before it was returned by the Revenue.

The Court of Appeal based its latest ruling on retrospective legislation contained in the July 1986 Finance Act.

Mr Donald Kirkham, Woolwich chief executive, said yesterday that the society was "deeply disappointed and surprised that the Court of Appeal had upheld arguments based on the retrospective effect of legislation."

He said that Woolwich would comply with the ruling and hand back the tax it had recovered from the Revenue in July.

Woolwich was pleased, however, because the Revenue had conceded to the Court of Appeal that part of the regulations in dispute had been *ultra vires*, or beyond the scope of their authority.

## Court to hear Lonrho plea on Fraser takeover

By Raymond Hughes, Law Courts Correspondent

FIVE Law Lords, members of the highest court of appeal, yesterday agreed to hear the final appeal by Lonrho, the international conglomerate headed by Mr "Tiny" Rowland, in its battle for disclosure of a government report into the 1985 takeover of the House of Fraser stores group by the Egyptian Fayed brothers.

However, the lords refused Lonrho's plea that they should read the report, and deferred the question of whether Lonrho, Mr Rowland and The Observer newspaper, owned by the group, have been guilty of contempt of the House of Lords.

The contempt issue, raised by Lord Keith, the senior Law Lord, when the appeal came to the House of Lords on Monday, relates to controversial documents sent by Lonrho to four of the lords due to hear the appeal. The documents included copies of a special issue, published by the Observer, carrying extracts from the report which was sent anonymously to Mr Rowland.

Lord Keith warned that if Lonrho did not come up with a satisfactory explanation, the lords might refuse to hear the appeal and would consider whether there had been contempt.

Yesterday, after evidence

from Lonrho that it had given instructions some months ago to remove all judges' names from its mailing list, and that material had subsequently gone to the Law Lords by mistake, the lords said they would hear the appeal and then deal with the contempt issue.

Lonrho is seeking orders requiring Lord Young, the Trade and Industry Secretary, to refer the House of Fraser takeover to the Monopolies and Mergers Commission and to publish the report without further delay.

Mr John Beveridge, lawyer for Lonrho, asked the lords to read the report and said it was undesirable for them to decide a case of such importance without having the opportunity to consider "the true facts."

Whatever might be said about Lonrho's conduct, the appeal raised genuine questions of public interest as to whether a mammoth enterprise employing 20,000 people had been taken over by means of "substantial fraud and deception" and was now under the control of people whose standing, background and financial resources were not what they had represented them to be, Mr Beveridge argued.

The appeal continues today.

## Intervention by Kinnock may prompt docks talks

By Charles Leadbeater, Labour Editor

MR NEIL KINNOCK, the Labour leader, yesterday backed the call for negotiations on to head off the threatened dock strike.

His intervention makes it more likely that the Transport and General Workers' Union general executive will tomorrow reject proposals for a ballot of dockers on a strike against Government plans to abolish the national dock labour scheme.

Most of the 17 right wingers on the 39-member executive are expected instead to back the call by Mr Ron Todd, the union's general secretary, for talks with port employers on an national agreement to replace the statutory scheme. He is also likely to win support from several of the 22 left wingers.

The dock labour scheme regulates the employment conditions of 9,400 dockers in 63 ports.

The executive meeting tomorrow follows the decision of the union's dock committee to reject Mr Todd's advice and recommend a strike ballot.

Senior union officials believe a docks delegate conference due to meet on Saturday is extremely unlikely to go ahead with plans for a strike without the executive's sanction, although it is still possible that the conference could sanction some kind of immediate ballot.

Leading left-wingers yesterday said they would take a "realistic" approach to the decision. In the light of the legal and financial threats to the union if it were to call a political strike against the Government's plans.

About 800 men at Grimsby and Immingham on Humberside, one of Britain's biggest docks, yesterday voted to back Mr Todd. They will probably be joined by delegates from some smaller ports and some ports not covered by the scheme.

Delegates from other large ports such as Southampton will be free to make up their minds in the light of the executive's decision. However, dockers' leaders in Liverpool said its delegates were mandated to support the strike call.

## Security review ordered after IRA bomb wrecks town centre

By Our Belfast Correspondent

SECURITY around Northern Ireland's police stations is to be reviewed after yesterday's IRA bomb attack at Warrapoint, County Down, in which a 19-year-old woman was killed and more than 30 people injured.

No warning was given before the blast, which devastated much of the town centre, caused damage estimated at hundreds of thousands of pounds.

The bomb, an estimated 1,500lbs of explosives, was in a van left at a builder's yard outside the perimeter wall of the Royal Ulster Constabulary station. The murdered woman, a shop assistant, was working at the yard.

It is thought that the van had been parked for only a few minutes before the explosion. Mr Ian Stewart, the province's Law and Order Minister, said an investigation would be carried out to try to establish how terrorists were able to penetrate

the security measures around the police station.

Mr Stewart said: "It is a terrible event and one which we shall have to analyse how it could have come about. But I would say that the message that the terrorists have got through to the people of Northern Ireland is that they don't care about anybody. They are interested only in murder and destruction."

Mr Stewart said it was extremely difficult to provide 100 per cent security at a time when terrorists were armed with a substantial quantity of weapons and explosives. Police stations have been a frequent IRA target.

With so many civilian casualties caused by the Warrenpoint bomb, Sinn Fein's local government election prospects are expected to be damaged.

The party has made no secret of the fact that bungled IRA operations make it more

difficult to attract support from the nationalist community.

The attack came a day after the Government, in the run-up to the elections, partly relaxed the broadcasting ban on republican and loyalist groups which openly support violence.

Mr Eddie McGrady, the local SDLP MP, condemned the murder as "barbaric" and said the killers must be brought to justice.

The bombing was also condemned by Unionist politicians who reiterated calls for a more aggressive security policy.

Mr Gerry Adams, Sinn Fein president, said he was dismayed by the bombing and that his party did not condone what had happened. He referred to an address he made to his party's annual conference earlier this year when he said the IRA had to be careful and then careful again not to injure civilians.

## In Brief Concorde loses rudder at 44,000 ft

A British Airways Concorde airliner lost part of its rudder while flying at 44,000 feet, and 1,250 miles an hour over the Tasman Sea, on route to Sydney yesterday. BA said it did not know why the section of tail had become detached, but it was possible the aircraft had been struck by lightning. The airline said it did not plan to ground the remaining six Concorde in its fleet.

### Boeing crash report

The official report into the crash of a Boeing helicopter off Shetland three years ago, in which 44 died, criticised Boeing, the US Federal Aviation Authority and the British Civil Aviation Authority for the "inadequacy" of test and inspection programmes.

### Vet schools saved

The veterinary schools of Glasgow and Cambridge universities, in Scotland and England respectively, were reviewed yesterday following a public campaign against proposals for a cutback in veterinary capacity in British universities.

### N-price rise row

A House of Commons Energy Committee yesterday called on British Nuclear Fuels, the state-owned nuclear fuel services company, to release more information to justify what the Committee called "enormous price rises" in the past three years. See *Business*, Page 11.

### Bank lending slows

Growth in bank lending to individuals slowed to the lowest rate for 12 years in the three months to February, according to figures published yesterday by the Bank of England.

### Accountancy plea

Heads of six leading professional accountancy bodies yesterday wrote to Mr Francis Maude, the Undersecretary of State for Corporate Affairs, endorsing proposals for the establishment of four new bodies to uphold accountancy standards.

## Lloyd's members threaten row over liability for £263m claims

By Nick Bunker

THE LLOYD'S of London insurance community appeared last night to be heading deeper into the embarrassing legal quagmire surrounding the Outhwaite affair, in which 1,600 members of Lloyd's ("Names") face huge US asbestos and pollution-related claims over the next two decades.

A new report by Freshfields, the City law firm, has left a troubling question mark over the issue of whether it was legal for Mr Richard Outhwaite, one of the Lloyd's market's most prominent marine underwriters, to leave open the 1982 accounts of his syndicate, number 317/661.

By doing so, he left the 1,600 people who were members of that time liable for gross claims now estimated at £263m. If it turns out that he was not legal for him to do so, then the 1,600 affected Names could refuse to meet their liabilities, raising the spectre of a mass of litigation.

As a result of yesterday's report, a steering committee representing 102 Lloyd's underwriting agents who placed Names on syndicate 317/661 has now asked another solicitors' firm, Oswald Hickson Collier & Co, to inquire urgently into the legality of leaving the 1982 accounts open.

According to Mr John Heynes, the committee's chairman, there are, however, no legal precedents governing the situation. "You could show this thing to 35 barristers and get 25 different views on it," he told reporters.

Asked whether the situation could become a repetition of the PCW affair, in which Lloyd's had to put together a partial rescue operation for 1,500 Names facing gross losses of £880m, Mr Heynes said: "Possibly. You've got to consider each stage as it comes."

Mr Heynes said last night that the Freshfields report, the second the firm has produced on the affair, focused on the facts of how Mr Outhwaite left open the 1982 accounting year

when it became clear in 1985 that it could face large and unquantifiable losses.

The legal uncertainties arise because Mr Outhwaite's company R.H.M. Outhwaite (Underwriting Agencies) initially decided in May 1985 that the 1982 accounts could be closed. This occurred and cash profits were distributed to members, though Ernest & Whinney, the auditors, qualified the annual report.

In July 1985, however, Mr Outhwaite told syndicate members that he was re-opening the accounts, because of uncertainties about the run-offs.

Mr Heynes said yesterday: "It would appear that the account was closed. The debate will centre on whether the reopening was, I would say, 'kiosher', but that's not the right word."

Copies of yesterday's report have already been circulated to errors and omissions insurers at Lloyd's, suggesting the market is bracing itself for the possibility of more legal disputes.

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UK NEWS

# The five minutes that cost Shearson Lehman £350,000

Clive Wolman looks at the incident that led a securities firm to fire its chief trader in brewery stocks

IT TOOK only five minutes for Shearson Lehman Hutton's London operations to lose £350,000 on an equity position three weeks ago. It took only a few hours for the management to respond by calling an emergency meeting of its market-making staff and then firing its chief trader in brewery stocks.

However, the incident exposed some of the tensions and potential for confusion and mismanagement of a rapidly changing integrated securities firm in the loss-making era after Big Bang and the stock market crash.

The trader who was dismissed was Mr Dan Day-Robinson, a 29-year-old married man with a young child. He joined Shearson only last October from Kleinwort Benson, where he had also made markets in brewery stocks. He felt he was underpaid and objected to attempts by the Kleinwort management to move him to covering insurance stocks.

He telephoned Mr Bernard Leaver, a Shearson director responsible for equity market-making and after a meeting, he was recruited on a salary of £50,000. However, he failed to live up to expectations and consistently lost money on his positions over the next few months. The net losses on his dealing account between October and March amounted to

nearly £500,000, (excluding the £350,000 loss) which was the worst record of any of Shearson's market makers. According to one of his colleagues: "He liked to punt, and punting just wasn't the right thing to do in these markets."

Shearson had previously made its team of brewery stock analysts and salesmen redundant but wished to maintain a presence in the sector, which includes some of the most actively traded stocks in the UK market.

Mr Day-Robinson claimed that the lack of support and advice from analysts was partly responsible for his heavy losses.

The losses meant that he was told to keep his positions in individual shares to a minimum. So when he bought 300,000 shares in Scottish and Newcastle, mainly from County NatWest on March 3, he was approached by Mr Roger Streeter, the chief market maker. According to Mr Day-Robinson, Mr Streeter only suggested that a market rally would provide a good opportunity to dispose of the shares, but Mr Streeter says that he told him to sell as soon as possible.

Mr Day-Robinson also says he was given no position limits, in contrast with the policy of Kleinwort and most other securities firms. Shear-

son, however, does impose position limits, normally of 100,000 shares, on most actively traded stocks such as Scottish and Newcastle - although they have discretion to breach those.

What is surprising is that Mr Day-Robinson should not have been informed of that policy. Selling the shares immediately through the market would have meant recording a loss, so Mr Day-Robinson asked another trader, Mr Vince Tagliavore, who is also a director of Shearson, whether he could do anything to help.

Mr Tagliavore had responsibility for making markets in several categories of securities. One responsibility was for running a "hedge" book, which involved taking positions in shares but having off part of the risk by buying or selling options and futures contracts.

As he was a friend of Mr Day-Robinson and knew that he was under intense pressure not to make any more losses, Mr Tagliavore was anxious to help. He noticed that the prices of the options to buy Scottish and Newcastle shares, which were due to expire at the end of March, were extremely high.

He therefore agreed to take Mr Day-Robinson's shares on to the hedge book and sell options through the stock market on those shares at the

attractively high prices.

What he failed to realise was that the reason the option price was so high was that Scottish and Newcastle was the subject of a takeover bid from Elders, the Australian company, which had been referred to the Monopolies and Mergers Commission. The MMC was due to report before the end of March, and depending on whether it recommended that the bid should be blocked or approved, the shares in Scottish and Newcastle would fall or rise sharply.

The probability of a sharp price movement before the end of March made the granting of options to buy or sell the shares at a fixed price extremely valuable.

Mr Tagliavore took the 250,000 shares, originally acquired at a price of 43p, on to his book at a price of 42p which was at least 2p and probably 4p higher than the best price Mr Day-Robinson could achieve through the market that day, March 14. He then sold the call options on the shares at a price of 43p. That meant that his book would lose money only if the share price fell below 38p.

Mr Day-Robinson failed to check whether Mr Tagliavore knew about the timing of the MMC report and says that no one explained to him that he had any residual responsibility

for shares transferred on to the hedge book.

According to Mr Leaver: "That is the problem when someone comes in new, perhaps it could have been explained to him better."

Some of the responsibility, too, must be placed on Mr Tagliavore, who failed to ask any questions himself, and on the absence of any analysts of the sector who presumably would quickly have highlighted the dangers.

The initial error was compounded two days later, just five days before the MMC reported.

Mr Tagliavore was out of the office serving his car when Mr Day-Robinson received an offer to buy a further tranche of Scottish and Newcastle shares from Phillips and Drew. A junior trader contacted Mr Tagliavore on his portable telephone, who said he could buy up to a maximum of 100,000.

In fact, Mr Day-Robinson ended up buying 250,000 shares at 42.5p, and passed them on to Mr Tagliavore's trader for 42p. He sold call options on them all. Mr Day-Robinson said he believed that Mr Tagliavore was fully hedging the risks of holding the shares rather than just applying a limited hedge through the sale of call options.

Mr Leaver is sceptical: "I don't want to hurt the boy any more, but he was taking a penny on the front book, just to expose us on the back book."

When Mr Tagliavore returned to the office, he protested that his instructions had been disobeyed. But he became distracted by other transactions and took no action to liquidate the position, particularly as no questions were asked by the senior management. They should have seen a print-out of the position but failed to appreciate the risks, perhaps because Mr Streeter was about to go on holiday.

It was only at about 8.20 on the morning of March 21, 40 minutes before the MMC announcement was due, that Mr Tagliavore explained to Mr Day-Robinson that Shearson was covered against loss only if the price did not fall below 38p.

Mr Day-Robinson then said that a recommendation blocking the bid would probably send the shares down to 34p. But by then it was too late to take any action and the traders watched their screens nervously for the news.

When it came, the share price slumped to 35p for a few minutes before continuing its descent to 32p. Mr Leaver immediately came round to ask Mr Day-Robinson what posi-

tion he had been holding. "Only 23,000 shares," he said, "but I think Vince has got a problem."

Mr Leaver walked over to Mr Tagliavore and as soon as he discovered what had gone wrong, he stormed back to Mr Day-Robinson and shouted: "Of course he's got a problem!"

That afternoon Mr Leaver called a meeting of all the market makers. He told them of the losses in the brewery stocks which during the day as a whole had reached £400,000, and warned them to co-ordinate their positions more carefully when using options. He also admitted that the management had been at fault. At the end of the meeting, he called over Mr Day-Robinson and told him that he would have to leave.

Mr Day-Robinson is now threatening legal action to recover at least £25,000, on the basis that he had a contract for a year. Shearson is claiming that he was dismissed for a breach of internal rules and that he is entitled to no compensation. However, it is prepared to pay a small amount ex gratia.

"Perhaps we could have done the whole thing better," Mr Leaver now says. "All of us made mistakes. But what are we supposed to do? Sack the department? Should I go? Should we all go?"

## Sea burial 'best option' for N-power submarines

By David White, Defence Correspondent

DUMPING at sea would be the safest and easiest way for Britain to dispose of old nuclear-powered submarines but would inevitably raise international and emotional objections, the House of Commons Defence Committee heard yesterday.

Its inquiry into the Ministry of Defence's dilemma over nuclear submarine disposal came amid continuing environmental concern about the recent sinking of a Soviet nuclear-powered submarine off northern Norway.

An international moratorium on the dumping of nuclear waste at sea has been in place since 1983.

The UK's first decommissioned nuclear submarine, the Dreadnought, is presently berthed at Rosyth in Scotland awaiting a decision on future policy. Mr Nigel Parn, an assistant under-secretary at the Ministry, told the committee that about eight such vessels might be taken out of service by the end of the century, although not in the next three years.

Mr Parn said deep sea burial appeared to contain the lowest risk.

## Almost anything goes in Britain's chamber of horrors

By Michael Cassell, Political Correspondent

ONCE their bottoms hit the green leather benches of the House of Commons, Members of Parliament are guilty of indulging in insidious and subversive activities, plain bad manners and "low-grade" abuse.

The conclusion, contained in a report published earlier this week by the Commons select committee on procedure, confirms what voters have long known - almost anything goes when 650 wilful, windy, truculent champions of the truth face up to each other across the chamber.

The report into MPs' conduct, sparked off by mounting concern over bad behaviour and by increasing defiance of the authority of the Speaker, who presides over the order of business in the Commons, suggests that the situation has deteriorated during the last decade.

Figures show that the Speaker used his disciplinary powers against MPs on 14 occasions between 1945 and 1979 - including an 11-year period when no one was naughty enough to incur his wrath.

In the last 10 years, however, 39 MPs have been punished for their unparliamentary behaviour, many of them temporarily punished to purge their contempt.

Not since the 1920s has the Commons appeared so ill-tempered and unruly, although all the best stories about misdeeds measured in front of the mace - the symbol of authority which resembles an over-sized sceptre - remain the old ones.

MPs yesterday fondly recalled the nights when a well-indebted George Brown regularly provoked mayhem among the front bench - the senior members of the party - and the day Bernardie Dev-

lin, the former firebrand MP for mid-Ulster, gave Reginald Maudling, then Home Secretary, a personal demonstration in corporal punishment.

More recently, the mace has been wielded and dropped and at least one MP has been frog-marched from the chamber by a fuming whip, the party manager. On many more occasions, however, the situation has been averted by the sudden onset of temporary deafness or blindness on the part of the Speaker.

The committee, which says it is unsure whether the trend is historically significant or merely a temporary aberration, makes several modest recommendations to try to improve the situation.

The report recommends no increase in periods of suspension from the Commons - from five to 30 days - but says the Speaker should be able to take into account offences committed over two parliamentary sessions, rather than one.

The committee stops short of considering loss of salary during suspension, partly on the grounds that it would prove "controversial."

It condemns the practice of concerted disruption of speeches and pleads with party whips to prevent subversive tactics which "go well beyond the legitimate cut and thrust of debate."

The recommendations will be debated by MPs. However, a senior minister yesterday suggested that, having received the report, the Government would "sit on it for a while." Perhaps the Speaker should inflict the same punishment on erring MPs.

*Select committee on Procedure: Conduct of Members in the Chamber.*

## May we help you?



## Shoe group to expand

By Alice Rawsthorn

BURLINGTON International, one of Britain's biggest shoe makers, is continuing its expansion in the ailing footwear industry by buying Alanda, the London manufacturer which specialises in unusual size footwear, from the receivers for an undisclosed sum.

The footwear industry has suffered from a sudden surge of low cost imports from South Korea and Taiwan which has compressed intense pressure on British manufacturers.

The rate of job losses and company closures in the UK industry has accelerated alarmingly in the last year.

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**Bosch likely to build DM300m plant in Wales**

ROBERT BOSCH, West German electronics group, is likely to site its next alternator plant in Wales, Bester reports from Stuttgart.

"Everything is pointing to Wales," a company spokesman said, adding that contracts for the deal had not yet been signed.

The new plant would employ about 1,000 workers and cost some DM300m (£94m). Production of compact car alternators would start in 1991.

The spokesman said annual British automobile production of about 1.5m vehicles meant it was important for parts suppliers to have a presence in Britain.

Bosch said in March it planned to build a new alternator plant overseas in a bid to cut production costs.



## UK NEWS

## Fujitsu demonstrates growing might of Japan

By Terry Dodsworth, Industrial Editor

FUJITSU'S ambitious plans for a £400m UK semiconductor plant is convincing evidence - if any more were needed - of the remorseless rise of the Japanese microelectronics industry.

Japan is already challenging the US as the world's leading chip producer. It is the uncontested leader in Far Eastern markets, and has made huge inroads into the US. Its three biggest producers all have sales of more than \$3.5bn a year, standing at the top of the global producers' league; and it has six manufacturers in the world's top 10.

Those figures, it is true, are skewed to some extent by the fact that IBM, the world's largest computer company and the biggest manufacturer of memory devices, does not publish its figures because it uses all its chips internally. They also mask the fact that the Americans still hold the commanding heights of microprocessor manufacturing. Microprocessors are the brains of personal computers and many other products and thus command higher prices than memories, the area

where the Japanese dominate. The other glaring weakness of the Japanese is in Europe. American chip companies began investing in Europe at the dawn of the industry in the 1960s, and have built up a strong position alongside the indigenous groups. Today, four US companies figure among the top seven European producers: two Japanese producers, NEC and Toshiba, have only just crept into the top 10 European sales league.

Europe was not a priority in the Japanese semiconductor strategy. But once Japan and America were accounted for, the Japanese began to turn their attention to European users in the early 1980s. Starting with sales offices, they have moved gradually into assembly operations, and are now progressing to full-scale manufacturing. Manufacturing essentially means the process known as



Dr Matami Yasufuku of Fujitsu agrees the deal with Tony Newton, Trade and Industry Minister

diffusion or wafer fabrication. This is the trickiest bit of chip production. It involves the etching of tiny electronic circuits onto the silicon base from which the chip is built, some-

thing that can be achieved only in an extremely clean and vibration-free environment. Hence the cost of the installations - the going rate today is \$100m to \$300m, and Intel, the

US microprocessor company, is said to be putting about \$1bn into its latest plant.

The scale of these investments means that chip companies want an assured market before they make them. In Europe, however, it is not quite as simple as that. What-

ever the industrial arguments for the Japanese semiconductor companies to invest, they are now having to take politics into the equation as well.

Politics has reared its head with the increasing number of anti-dumping actions carried through by the European Commission against Japanese electronics companies. That led, earlier this year, to a new ruling that semiconductor could only be regarded as European in origin if they were diffused in the Community. At the same time, the Commission has indicated that it may push up the effective import tariff on chips from 10 per cent to 14 per cent.

Those moves have put the Japanese in a squeeze. As their sales volumes go up - and last year they advanced very rapidly indeed - higher tariffs will bite hard into profits; and the new origin rules means that customers will have a strong inducement to buy in Europe to keep the local content high in their finished products - such as televisions, copiers and printers.

Europe has become equally alarmed over the last two years by the trade row between

the American and Japanese that has led to a bilateral pact for the chip industry. Prices of memory products have gone through the roof leaving European customers with much higher bills and short supplies.

Some European companies have argued that the supply difficulties make it imperative for the region to develop its own indigenous producers. Mr Karlheinz Kaske, chairman of Siemens, for example, says that it is absolutely essential that Europe should no longer be dependent on Japan for such key components.

Mr Kaske's preferred solution to the issue is more government-backed investment in European research and development to build up indigenous products - at present, Siemens is the only large-scale memory producer in Europe. But in the meantime, an alternative is to have more Japanese producing locally.

## Excitement at fever pitch as Derbyshire waits on Toyota

By Richard Tomkins, Midlands Correspondent

THE EXCITEMENT in Derbyshire was almost palpable yesterday as its inhabitants awaited confirmation of what many now believe certain: that the county has been chosen as the site for the £500m European assembly plant to be built by Toyota, the Japanese car group.

A hint from the Japanese ambassador, a purported leak in the Japanese newspaper *Mainichi Shimbun*, and a warm conversation between leaders of Derbyshire County Council and Toyota have combined this week to produce strong circumstantial evidence that Derbyshire has won the fiercely fought contest.

The excitement is understandable. Too far north to be properly in the Midlands and too far south to be properly in the north, Derbyshire is a low-profile county.

It is one of those counties whose shops still observe the quaint but frustrating tradition of early closing day - putting up their shutters for the rest of the day of lunch-time once a week. It is a place that the modern world sometimes seems to have passed by.

The same could be said of its industrial base. Still primarily oriented towards coal mining, textiles and heavy engineering (Rolls-Royce and British Rail Engineering are the two big employers in Derby), it has lost tens of thousands of jobs since the 1970s, and not enough new industry has arrived to replace them.

If Toyota comes to Derby-

shire, it will employ 3,000 people directly and probably as many again in spin-off jobs such as component supply. It will be the biggest single investment in Derby that anyone can remember.

Over the last few weeks, then, a small team at Derbyshire County Council, headed by Labour leader Councillor David Bookbinder, has thrown itself wholeheartedly into wooing the Japanese.

A tempting case has been made, emphasising the availability of a workforce of 1.2m people within 45 minutes' travelling distance and the unusually high proportion of workers in manufacturing industry - 38 per cent against 28 per cent nationally.

The site itself is a 280-acre airfield at Burnaston, between Burton-upon-Trent and Derby. Road connections are good. It is on the A38, which connects it with the Midlands motorway network, and lies adjacent to the Stoke-Derby M1-M6 link due to open by 1996. It is 10 miles from East Midlands Airport and two rail lines are close.

A strong selling point has been the attractive setting of the site in open countryside.

Council roadworks have been timed not to interfere with important visits by Japanese delegations; and another sweetener has been the suggestion that Derbyshire's local authority pension fund should invest £20m in Toyota.

Derbyshire has tried hard to make Toyota feel welcome.

## Breakthrough for the north-east

Ian Hamilton Fazey and Hazel Duffy on reasons behind the move

JUST AS Nissan broke with tradition by siting its car plant in the north-east of England, so Fujitsu is the first big electronics company to go to the area.

The significance of these two big Japanese investments for the region, which has suffered shipbuilding, engineering and steel plant closures over the last 10 years, is considerable.

Dr John Bridge, chief executive of the Northern Development Company, which promotes the north to companies overseas and from other parts of the UK, said yesterday that the £400m Fujitsu factory was expected to be only the first stage of investment during the 1990s.

Fujitsu bought 110 acres of farmland south of Newton Aycliffe, five miles north of Darlington, County Durham. The seller of the land was Sedgfield Borough Council, which had bought it from a farmer as part of a five-year programme of industrial devel-

opment. The project will bring Japanese investment in the area to nearly £1.25bn. The north-east hopes that it has achieved favoured status with the Japanese and that other benefits, such as banking and financial services for the Japanese companies, will follow.

An Anglo-Japanese business club and a Japanese cultural centre are being set up in Newcastle.

While Fujitsu was considering various areas of the European Community, the UK Government was asked by the company to provide information on the regions, which in turn submitted details about sites and their availability.

Reasons that favoured Newton Aycliffe were the site itself; its ease of access to the A1(M); proximity of nearby industrial estates - where suppliers can locate - and a pool of 360,000 people within 10 miles from which to draw its workforce.

Northumbrian Water Authority guaranteed almost

pure water, vital in chip manufacturing.

Answers to Fujitsu's questions on the likely size of the UK market for semiconductors were given by the Department of Trade and Industry.

At the regional level, the Northern Development Company co-ordinated the information provided by the local council and the development company that Durham County Council set up last year.

Japanese companies appear to be putting less emphasis on government financial assistance towards investment than when Nissan came to the UK. Fujitsu will receive about £30m in selective assistance. That is substantial in relation to the levels of assistance that companies already operating in the UK say they are receiving towards financing expansions, but much less proportionately than was agreed with Nissan.

The local council will provide £2m for services and infrastructure from money that the

European Regional Development Fund granted to the area.

The north-east is understandably euphoric about its capture of Fujitsu. However, Scotland, South Wales, and the Telford area in the Midlands also have projects that represent substantial amounts of Japanese investment.

Dr Bridge's theory of the "cluster" appeal of areas already chosen by Japanese companies has some validity. But there is also a reluctance by companies in the same sector to site their activities in the same area, in case they should be involved in poaching labour from each other.

Toyota did not consider the north-east, for instance, in its search for a site for its European car and engine assembly, because Nissan was already there.

Fujitsu will start recruitment of up to 100 graduate engineers shortly, and the company will embark on training.

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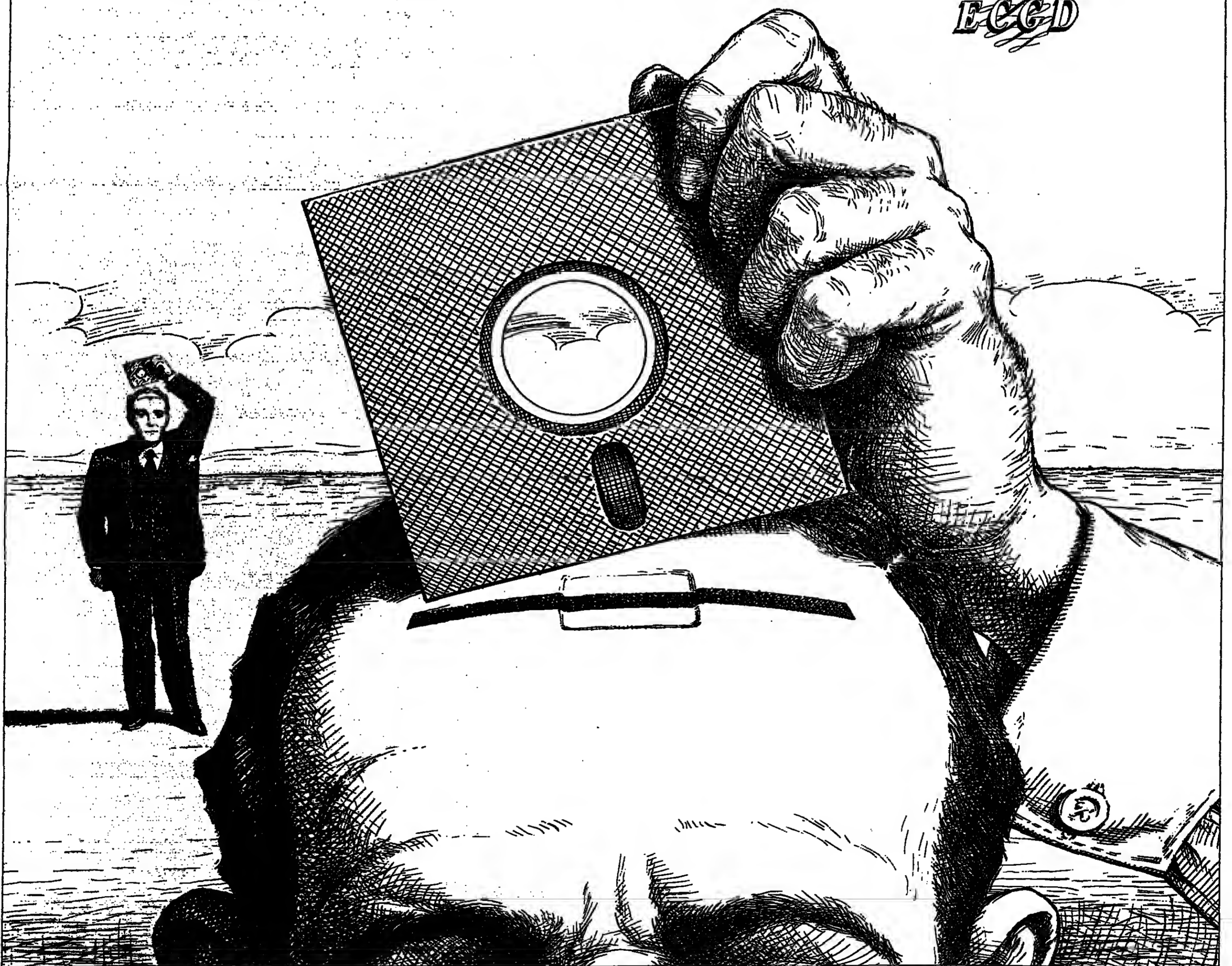
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MANAGEMENT: Marketing and Advertising

Selling insurance

# The games that brokers play

Philip Rawstone explains how London & Edinburgh embarked on a competitive alternative to advertising to increase the loyalty of its intermediaries

In the past five years, playing games has become an essential part of the London & Edinburgh Insurance Group's marketing strategy.

Marketing director, Eric Bamford, has found no better way of capturing the attention of Britain's insurance brokers - his primary target - and of ensuring that they think of London & Edinburgh whenever they write policies for commercial, personal and motor insurance.



The business game: players are required to calculate the time taken for a trip around Europe at the turn of the century

Last week, 6,000 young insurance brokers throughout the country were invited to compete in the latest game, Claim It Again, Sam. Over the next four months, they will follow - on a series of records - the adventures of a small-town insurance broker, day-dreaming of life as a 1940s American private eye.

Players will have to identify the colourful characters he meets and provide some of them with insurance policies, written, naturally, after reference to the London & Edinburgh rate card.

The winner, who will have to solve an imaginary crime as well as write the correct policies, will get a sports saloon car - and a minibus to hand over to a charity.

What London & Edinburgh should get, according to Colin Smith, chief executive of Impact Marketing Consultants which devised the game, is heightened awareness of the company and increased familiarity with its insurance rates and products among the brokers. This, it expects, will breed more business.

The group - which recently changed its name from Excess Insurance - had, until 1984, relied entirely on advertising in insurance trade journals to promote its products.

Smith says: "It seemed to us to be a repetitive, and perhaps wasteful, way of doing things. Though some general advertising is necessary, if you want to promote, say, personal insurance products, you really want to talk directly to four or five thousand people."

"But it did not seem enough just to produce a succession of direct mail shots. There is a limit to what you can say to

such an audience. You cannot just keep on saying it seven times a year. We wanted a new line of communication between the company and its market."

Impact therefore began to look for some form of promotion that would not only raise awareness, but build the company brand by involving the target audience more closely with it over a period of time, rather than merely reading about it in an advertisement once a month, says Smith.

"Brokers have a lot of insurance companies to choose from when giving quotations or writing policies. We wanted to make them so familiar with the London & Edinburgh brand that it would be among the first they would think of."

Bamford adds: "We did not want to market ourselves through prize draws or mere games of chance. And in addition

to promoting general awareness of the company, we wanted something that could be focused on specific lines of business and products."

The result was a game called Land of the Pharaohs, distributed in 1984 to fewer than 3,000 commercial insurance brokers. In a business sector not exactly noted for imaginative marketing at the time, it caught immediate attention. Though given a low-key introduction, some 1,200 brokers competed in the game over a period of two months.

Impact developed two other games - Motorcross and Tale of Two Cities - soon afterwards for other groups of brokers. But it was a game devised for 280 reinsurance brokers last year that set the seal on the marketing initiative.

Richly presented in a silk-lined, polished wood box, the 1900 game involved participants in a turn-of-the-century race around Europe. It required them to calculate precisely the time for a journey from London to Paris, Barcelona, Hamburg and back to London using the transport then available.

The game was played in stages with new items of information - such as newspapers, announcing a dock strike or train cancellations - arriving just before each journey.

The prize for the winner was a return trip to New York on Q&E and Concorde; and a charity shared in the other awards that were made.

London & Edinburgh invested about £100,000 in the promotion, and Bamford says the company was "very pleased indeed" with the results.

The launch presentation in London's Baltic Exchange was attended by 185 of the 280 brokers; 136 finally entered the game and 101 completed it, putting their minds to the problems it posed for an hour or two a month over three months.

Through the game, Smith says, London & Edinburgh succeeded in provoking a considerable response from a very high proportion of its audience.

The game attracted favourable notices in the trade press, new brokers in the targeted group began using London & Edinburgh and the company's overall reinsurance business increased.

Bamford says: "The games, so far, have certainly achieved their main object of promoting awareness of the company and its products and our latest game should help to sustain it."

"They have given us social opportunities to get to know a lot of people better, and it has all been fun, not least for our own staff."

Smith believes that it was daring of London & Edinburgh to take the plunge when it did, "but I have been surprised by how few companies have followed its lead." He is, however, now working on the development of a game to be used in the marketing of a range of products for NEC, the Japanese office systems company.



Scenes from the Levi 'Refrigerator' commercial, the cost of which was spread across several countries

# Ads astride the world

Alice Rawsthorn traces Levi Strauss's development of international commercials

It is now four years since cinema audiences first saw a commercial in which a young man strode into a steamy 1950s laundrette, to the strains of Marvin Gaye's soul music, stripped to his boxer shorts and washed his Levi jeans.

The commercial was so successful that Levi Strauss's record was re-released and the young man foresaw modelling for pop stardom. It also succeeded in reviving the European jeans market and the fading fortunes of Levi Strauss.

Levi's 'Laundrette' commercial made its debut in Europe and has since been shown in almost every country in the world. Its success has encouraged Levi to develop a special strategy for exporting its advertising from country to country.

The advantages of "exporting" commercials are obvious. First, it offers an opportunity for Levi to make the most of its successful advertising. Second, it enables the company to recoup production costs - one of its 1988 commercials, "Refrigerator", cost over £300,000 - by spreading the expense across different countries.

Levi Strauss, with global sales of over \$3bn (£1.75bn) last year, is the biggest clothing company in the world. It manufactures jeans in 20 different countries and sells them in more than 70.

All the company's international activities are co-ordinated by Levi Strauss International, operating on the site of the original dry goods store by the San Francisco waterfront.

where Levi Strauss, a German émigré, sold the first denim jeans in the 1850s.

In the past, several unsuccessful attempts were made to co-ordinate advertising across different countries. Since 1985, when the founding family regained control of the company in a \$1.6bn leveraged buy-out, LSI has renewed its efforts to encourage its subsidiaries to exchange advertising concepts and commercials.

The buy-out coincided with the adoption of the "core product strategy" in which Levi streamlined its activities to concentrate on its traditional denim jeans. It marked the return to its roots by relaunching its authentic fly button 501 jeans: first in the US and then in Europe.

Bartle Bogle Hegarty, the London agency that had been appointed to handle its advertising across Europe, created "Laundrette" as the first pan-European commercial. Each European subsidiary retained its own consultancy for media buying, but BBH controlled the creative work.

"Laundrette" was so successful in Europe that it was then used by other countries. BBH

has since produced a series of pan-European commercials, all adopting the 1950s American imagery of "Laundrette" and accompanied by the blues and soul music. These commercials have also been used in other markets.

Outside Europe the international subsidiaries retain their own agencies. Levi has developed a system - orchestrated by Vic Chiarella, director of marketing support, in San Francisco - to ensure that the subsidiaries see commercials when they appear and have the opportunity to use them.

Each new commercial is sent on video to the subsidiaries to see whether it will be compatible with their marketing strategies. If it is suitable, the subsidiaries must then consider whether the commercial satisfies the local rules covering copyright, content and censorship.

The local rules can be labyrinthine. Levi could not show the original "Laundrette" in the US because another advertiser - California Raisins - already held the musical copyright for Marvin Gaye's "I heard it on the Grapevine".

Similarly Levi has to reshoot its commercials for use in Australia and Brazil, where the local content rules stipulate that commercials must be produced within the country. Its agencies often stick to the concept of the original commercial, but adapt it to suit the exigencies of the local market.

In Australia, for example, where women are important purchasers of jeans, the tone tends to be softened. The script for "Refrigerator" set in a seamy hotel diner in the Mid West, where a woman watches a young man retrieve his 501s from the refrigerator and roar away on a Harley-Davidson motorcycle - was changed so that the woman roars off on the motorcycle too.

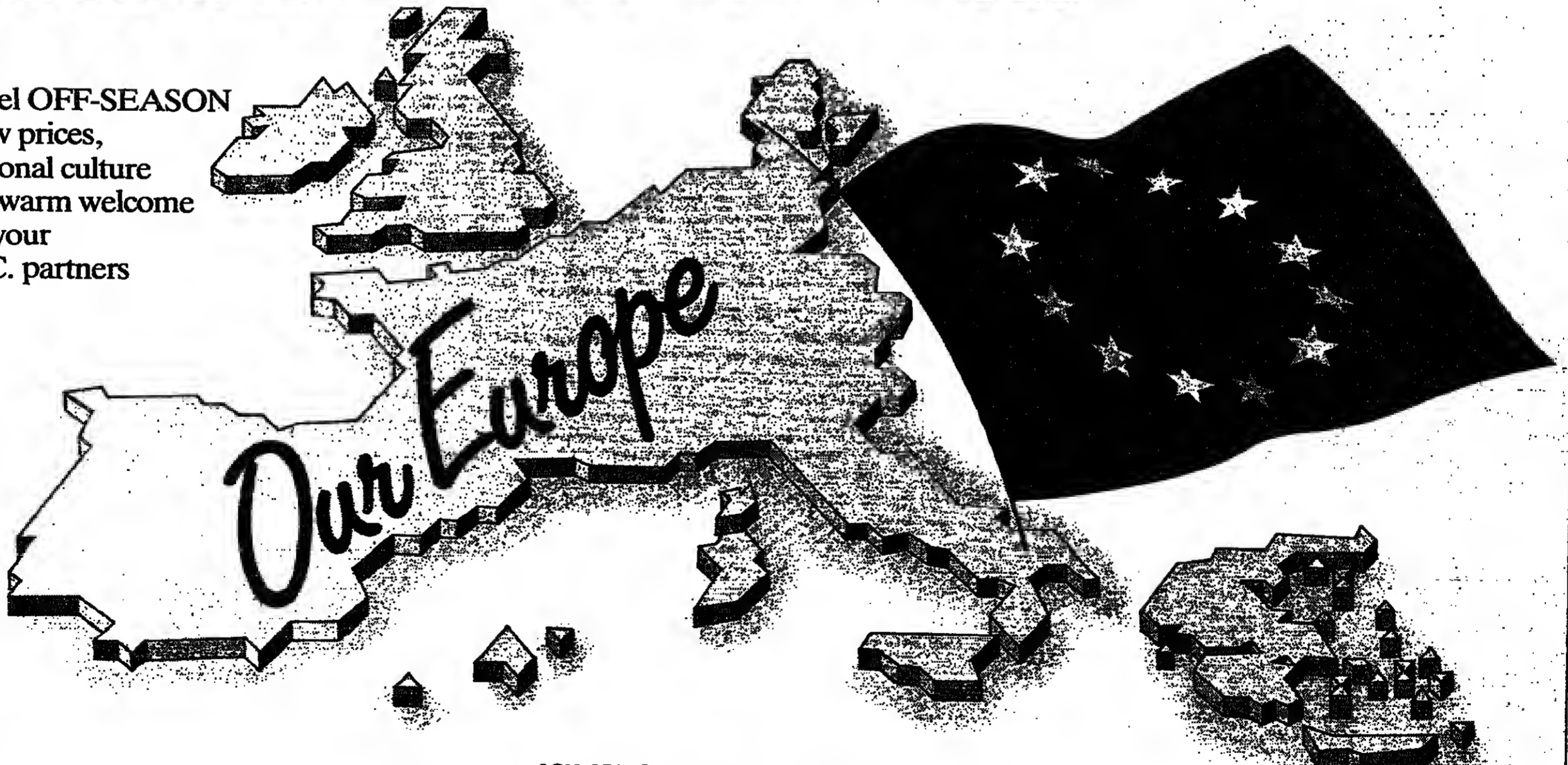
Censorship is a persistent problem. Even "Laundrette" was deemed too salacious for most of South East Asia. "Refrigerator", the most sensual of all the commercials, has fallen foul of the censors in several countries.

Levi is lucky in that denim jeans are one of the few truly global products. Similarly, the imagery of its European advertising - the culture and music of the US in the 1950s - is universally recognisable. Other companies, with products positioned differently across the world, would not find it so effective to export commercials from country to country.

Even Levi has encountered problems. It has failed so far to apply its international advertising strategy successfully in Japan. "We have tested commercial after commercial in the Japanese market," says Chiarella. "But none of them works."

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Tel: 01 851 3300
- DK** Danish Tourist Board  
Sceptre House,  
169 Regent Street, London W1  
Tel: 01 734 2637
- F** French Government Tourist Office  
178 Piccadilly, London W1  
Tel: 01 499 8911
- GR** Greek National Tourist Organization  
195-197, Regent Street, London W1  
Tel: 01 734 5997
- IRL** Irish Tourist Board  
Ireland House,  
150 New Bond Street, London W1  
Tel: 01 493 3201
- NL** Netherlands Board of Tourism  
Eglington House  
25-28 Buckingham Gate, London SW1  
Tel: 01 630 0451
- D** German National Tourist Office  
65 Curzon Street, London W1  
Tel: 01 495 3990
- E** Spanish Tourist Office  
57-58 St James's Street,  
London SW1  
Tel: 01 499 0901
- GB** British Tourist Authority  
Thames Tower,  
Blacks Road, London W6  
Tel: 01 846 9000
- I** Italian State Tourist Office  
1 Princes Street, London W1  
Tel: 01 408 1254
- L** Luxembourg National Trade & Tourist Office  
36 Piccadilly, London W1  
Tel: 01 434 2800
- P** Portuguese National Tourist Office  
1 New Bond Street, London W1  
Tel: 01 493 3873

This message is published in the press of all E.E.C. countries by the Tourism Service of the Commission of the European Communities.



CINEMA

Smouldering along

Many people fear the New British Cinema is now dead. One week last summer it sat up in bed, threw out its arms in a grotesque gesture towards eternity...



Klaus Maria Brandauer in 'Burning Secret'

- BURNING SECRET Andrew Birkin
THE TALL GUY Mel Smith
RETURN FROM THE RIVER KWAI Andrew McLaglen
THE DEAD POOL Buddy Van Horn
MATEWAN John Sayles
THAT NIGHT IN VARENNES Ettore Scola

which they should have been paid 84 each themselves. Let us not dwell in detail on this war romp directed by Andrew (Wild Geese) McLaglen. Any film called 'Zartan From The Elter...'

the fault was with me. Then I looked around at the audience and found that they too resembled the crowd at a funeral.

Set in a snow-girt Austrian spa hotel in 1918, Burning Secret is a coming-of-age tale blended with a twilight-of-the-empire one. Swimming about amid the hobbling human wreckage of the Austro-Hungarian empire...

In his latest case, file-named The Dead Pool, he is pitted against a mass-murderer impersonating a pilot...

For all The Dead Pool's defects, there are moments in John Sayles's Matewan and Ettore Scola's That Night in Varennes...

For all The Dead Pool's defects, there are moments in John Sayles's Matewan and Ettore Scola's That Night in Varennes when a little crisp action from Dirty Harry would be welcome.

In celebration of Charlie Chaplin's 100th birthday (April 16), Clay Lippitt will be playing at the Dominion next week with a live orchestra.

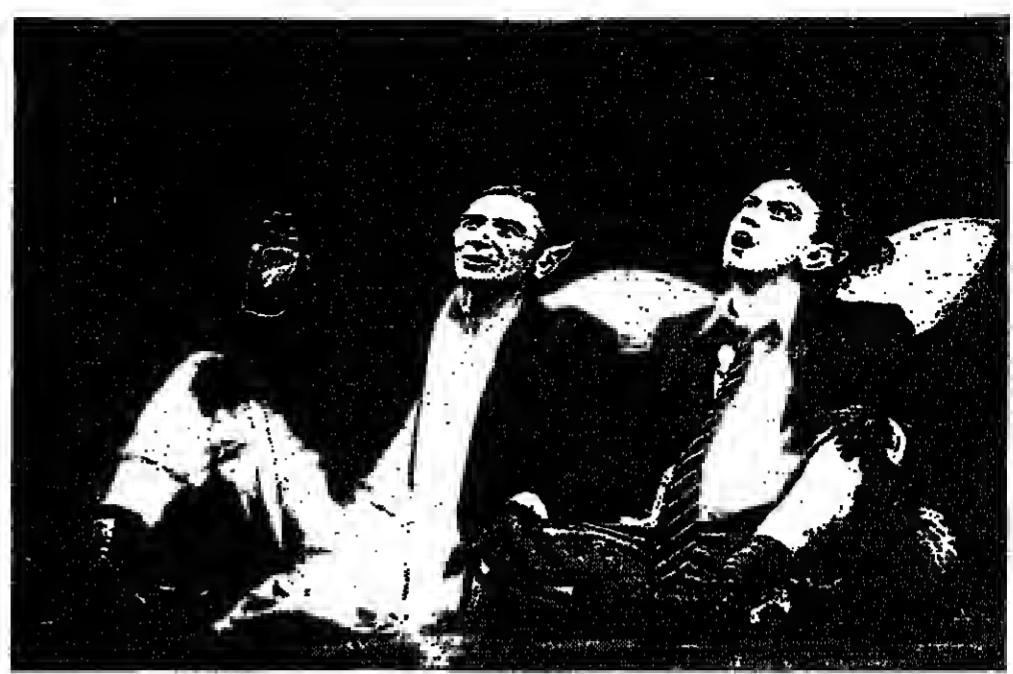
Nigel Andrews

A Midsummer Night's Dream

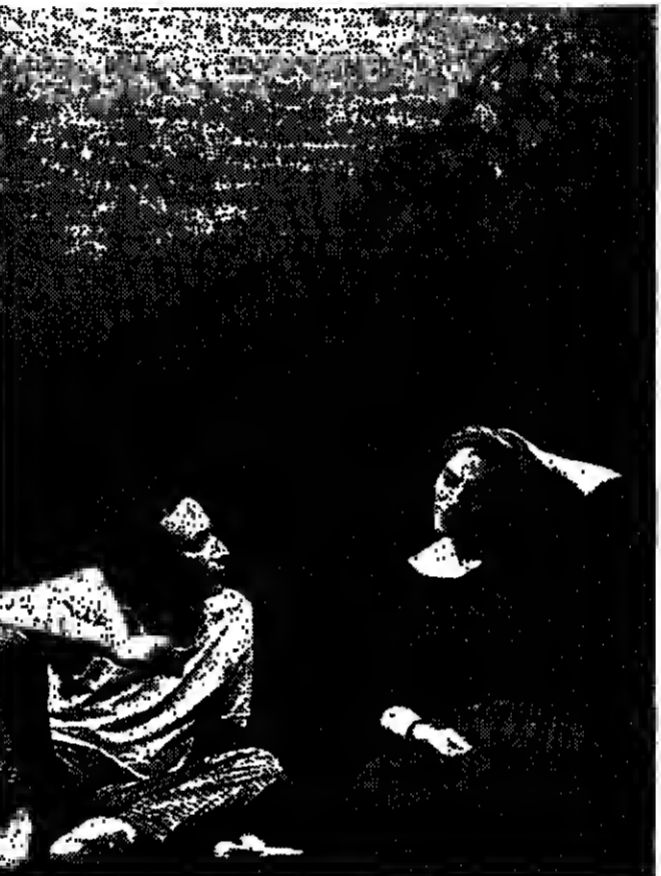
ROYAL SHAKESPEARE THEATRE, STRATFORD-UPON-AVON

The seat usually occupied by the RSC's artistic director was symbolically empty on Tuesday night Terry Hands, having announced his intention of leaving the company in 1991...

Martins. The fairy world that stands on the Edwardian coat tails of the court is a surly crew of suppressed schoolchildren...



John Carlisle and Richard McCabe



Allan Corduner and Saskia Reeves

Icecream

ROYAL COURT

Stark, fierce, elliptical, gnomic and short, Caryl Churchill's new play is an interesting return to pure writing for a dramatist whose greatest hits have been developed in workshops and rehearsals.

is a dream-like bravado about the arrival of Lance and Vera in Scotland to chase up a drowned antecedent. The Brigadoon connection is established with a refrain from 'The Heather on the Hill'...

Which is Xenakis's special weapon; one could never mistake the piece for mere overbearing noise.

Michael Coveney

ARTS GUIDE

EXHIBITIONS
London
The Whitechapel Art Gallery (In collaboration with the Fundação de Escultura)

Paris
Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe to mark the bicentenary of the French Revolution...

Brussels
Palais des Beaux-Arts. Art Deco in Europe. 1900-1930. A major exhibition of European Art Deco...

Brussels
Palais des Beaux-Arts. Art Deco in Europe. 1900-1930. A major exhibition of European Art Deco...

New York
The New York Public Library. Master drawings borrowed from the British Royal Academy of Art...

Chicago
Art Institute. As part of a national tour, 67 of the most important Greek sculptures, bronzes, and painted terracotta trace the evolution of the human form...

London
The series of sales of Islamic works of art in London this week is going rather well. This year's sale has its problems...

London
The series of sales of Islamic works of art in London this week is going rather well. This year's sale has its problems...

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Thursday April 13 1989

The US oil conundrum

THE ALASKAN oil spill has sharpened to a razor's edge the debate over whether to open the Alaska National Wildlife Refuge to drilling by the oil industry...

The debate has, however, done little to focus attention on how the US is to construct a satisfactory energy policy...

The priorities for the longer term are to develop and use the US's resources efficiently...

Many independent companies have gone out of business. What is needed is not subsidisation of oil production...

Reducing consumption There is a growing consensus that gasoline consumption ought to be reduced...

There would, of course, be unattractive consequences. An increased tax on gasoline consumption would be regressive...

Acceptance by the oil companies of such constraints would be one indication of whether the area is as promising as claimed...

The price of glasnost

THE HEAVY pressure needed to integrate the more than 100 nationalities which occupy the 15 republics that make up the Soviet Union...

Nationalist aspirations can find legitimate expression and representation; and institutions for the peaceful resolution of conflict arising from age-old rivalries between the more than 100 nationalities...

Nationalist eruptions in Armenia, Central Asia and the Baltic states have provided useful pointers to the Gorbachev administration's ability to deal with what is increasingly seen as the major challenge facing the eastern bloc...

Chain reaction The imposition of martial law in Nagorno Karabakh as it is becoming more evident...

Heartening though it may have been to see the Soviet Union conducting an unexpectedly free election last month...

The Soviet elections have boosted Mr Gorbachev's international standing not only because of the convincing majorities enjoyed by his supporters...

Peaceful resolution President Gorbachev, following in the reformist wake of Nikita Khrushchev...

His chief preoccupation over the next few months will be to persuade the American shareholders of SmithKline, who may feel they have not

Christopher Bobinski in Warsaw on the new political landscape

Events in Poland have moved so fast in the past few weeks that many people are finding it hard to get their bearings...



Members of a newly legal union: NSZ students in Warsaw

Poland's free vote

majority in the lower chamber. Both chambers, once constituted, will elect the President...

Also in Solidarity's favour is the power of its name, and the hope that voters will remember the names Mr Walesa tells them to vote for...

Buzzing Bauman

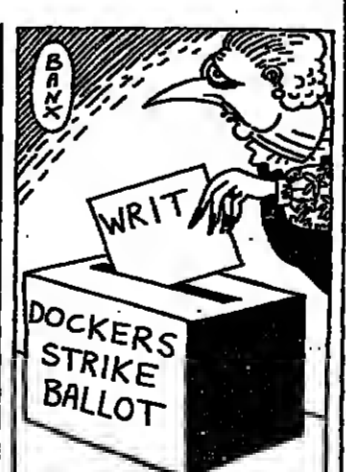
Bob Bauman, to use one of his favourite expressions, was feeling good yesterday...

He is also something of a specialist in management strategy. His fondness for the latest buzz-word may jar with his more measured British colleagues...

OBSERVER

come out of it quite as well as those at Becham, to bank the deal. Bauman's salary of about \$1m puts him in the super-rich...

play in the street. Lucien's 10-year-old son is safely at school in Paris and they talk when they can...



Art to art

Helene Ahrweiler, the new president of the Centre Pompidou in Paris and Elizabeth Esteve-Coll, the director of London's Victoria and Albert Museum...

BOOK REVIEW Birth of a US commitment

The fortieth anniversary of the signature of the North Atlantic Treaty has spurred a mood of re-evaluation on both sides of the Atlantic...

DOCUMENTS ON BRITISH POLICY OVERSEAS Series II, Vol III German Rearmament, Sept-Dec 1950 Edited by Roger Bullen and M.E. Pelly

No-one remembers now that for the first years of Nato's existence, there were no American troops committed to Europe's defence...

In military terms, nothing else made sense. Europe's only existing military forces, the armies of the Brussels Treaty organisation...

aware that the American offer of troops was only intended as a temporary measure, until German troops could take their place...

Donald Cameron Watt The author is Stevenson Professor of International History at the London School of Economics

Advertisement for Gieves & Hawkes, featuring a suit and tie, with text: 'On distinguishing the English Gentleman. For the observant, there have always been ways to distinguish the Englishman from his American counterpart...'









INTERNATIONAL COMPANIES AND FINANCE

Spedley crash sparks suspensions

By Bruce Jacques in Sydney and Stephen Fidler in London

EFFECTS of the failure of the Spedley group, Australia's latest corporate collapse, spread in financial markets yesterday as four more connected companies had their shares suspended and a National Companies and Securities Commission inquiry looked increasingly likely.

First Federation Discount, an authorised short-term currency-market dealer owned by Spedley, also informed the Reserve Bank of Australia that it was withdrawing from its market activities for the time being.

While the companies suspended yesterday are comparative lightweights, they have connections with some well-known Australian business figures. Bisleigh is identified with Mr Brent Potts, a leading Sydney stockbroker, while Tulloch Lodge is associated with Mr Tommy Smith, a prominent racehorse trainer.

The West Australian State Government Insurance Corporation, a main Rothwells creditor, confirmed that it had incurred unspecified exposure to Spedley just before the Rothwells collapse last year.

Maxwell bids to buy Jerusalem Post paper

By Hugh Carnegie in Jerusalem

MR ROBERT MAXWELL, the British publisher, plans to take advantage of a \$200m investment programme agreed by Koor Industries, Israel's largest industrial group, with its creditors.

He is bidding for the Jerusalem Post, the English language daily newspaper controlled by ICC, an investment company owned by Koor.

Austrian tyre maker registers rise in turnover

By Judy Dempsey in Vienna

SEMPERIT REIFEN, the Austrian-based tyre manufacturer, improved its performance last year and says it is on the road to success. Turnover for the company, 75 per cent of which is owned by Continental of West Germany and the rest by Creditanstalt-Bankverein, Austria's largest bank, increased by 11.5 per cent to Sch7.8bn (\$561m).

Hopewell in HK\$3.86bn issue

By Michael Murray in Hong Kong

HOPEWELL HOLDINGS, a Hong Kong property and construction group, is to raise HK\$3.86bn (US\$494.9m) through a one-for-one rights issue in one of the biggest fundraising exercises seen on the local stock market.

Mr Li Kashing's appearance as an underwriter could signal closer co-operation between Chung Kong and Hopewell in the market, where expectations of a Hopewell rights issue have been depressing its share price for some months.

Mr Li Kashing's appearance as an underwriter could signal closer co-operation between Chung Kong and Hopewell in the market, where expectations of a Hopewell rights issue have been depressing its share price for some months.

INTERNATIONAL APPOINTMENTS

Viscount Davignon named as chairman of La Générale

SOCIÉTÉ Générale de Belgique, Belgium's largest holding company, appointed Viscount Étienne Davignon as chairman in a move that had been expected.

Mr René Lamy, La Générale's former chief who held the post of governor, resigned with effect from this Tuesday. The company said it will propose at the next annual general meeting that Mr Lamy be made honorary governor of the group in recognition of his services.

company in 1958, is moving from its headquarters in New York, where he has served as vice president worldwide co-ordinator for travel and the US representative network.

Equitable Bancorporation Overseas Finance N.V. U.S. \$50,000,000 Guaranteed Senior Floating Rate Notes due 1994

Development Bank of the Philippines U.S. \$30,000,000 Guaranteed Floating Rate Notes due 1990

HMC MORTGAGE NOTES 3 PLC £150,000,000 Class A £11,500,000 Class B Mortgage Backed Floating Rate Notes

HCA Hospital Corporation of America \$4,012,000,000 Leveraged Buyout Financing

Société Nationale des Chemins de fer Belges Cross Border Lease Financing For Belgian Railroad AM 86 Passenger Trains BFr 1,350,000,000

Marine Midland Bank N.A. U.S. \$125,000,000 Floating Rate Subordinated Capital Notes due 1994

Citicorp Banking Corporation U.S. \$250,000,000 Guaranteed Floating Rate Subordinated Capital Notes Due July 10, 1997





INTERNATIONAL COMPANIES AND FINANCE

Building societies may follow Abbey's lead

David Barchard on the implications of Tuesday's vote for stock market flotation

With its members' ballot safely behind it, Abbey National now has relatively few hurdles left before it goes ahead with its stock market flotation in June. Its chief remaining worry is the confirmation hearing by the Building Societies Commission in mid-May. Relations between Abbey National and the commission have not been entirely easy in the last few months, after repeated warnings from the commission that it has the power to cancel conversion procedures if the ballot has not been conducted impartially.

That is precisely the accusation being made by the group Abbey National Members Against Flotation, which has made its views known to the commission at regular intervals since it was set up last summer.

AMAFA's lengthy list of complaints includes the refusal of Sir Campbell Adamson, Abbey National's chairman, to agree to a special general meeting called by the rebels last autumn and more recent allegations that the ballot was not conducted with due impartiality.

It would be a revolutionary move, however, for the commission to overrule the results of such a large ballot, and most City analysts believe that is unlikely.

So Abbey National's next practical step will be to issue members with details of the handout of free shares and the simultaneous issue of new shares which only existing

members will be able to buy - at least initially.

One anxiety for the society's board must be that the float will leave its deposit base seriously depleted. The board accepts that many savers with the society will dip into their accounts to purchase shares.

There must also be the possibility that some disaffected savers will move elsewhere. Mr Alexander Sandison, vice chairman of AMAFA, says he believes that at least £1bn (£1.65bn) will be taken out of Abbey's coffers once it becomes clear that the flotation is definitely going ahead.

The society does not expect the flight of funds to affect it seriously, and its officials have long believed that the alternative to the flotation is being gradually squeezed out of the financial services markets in the 1990s. Sir Campbell has several times spoken as if he believes that Abbey National cannot expect to survive in the long run unless the conversion goes ahead.

That may sound alarmist, but behind Abbey National's current strategy of diversifying its range of retail banking activities in the last few years lies the belief that the UK mortgage market is mature and approaching saturation.

For the building society movement as a whole, Abbey National's departure creates disturbing new perspectives. Without Abbey National, its second largest member, the industry will be severely shrunken, and its influence may be correspondingly

reduced.

The Building Societies Association has for precisely that reason already discussed an arrangement to allow Abbey National to remain a sort of country member, with its statistics continuing to be included with those of the industry.



Sir Campbell Adamson: refused special meeting

More worrying is the question mark that Abbey National has raised about the future of the industry itself. For more than 150 years, the walls dividing building societies from the rest of the market have been firm and immovable. Now Abbey National has breached them, and other societies will have to think about the possible conditions which might make them follow.

Although attachment to mutual status is strong among building societies, it is virtually impossible to find a single

chief executive of a large society who is ready to say that his society will never convert into a company whatever the circumstances.

Abbey National's larger rival, Halifax, investigated incorporation last year, but decided against the change, at least for the next two years.

Among other large societies, Woolwich and Britannia are declared defenders of mutualism. But several other societies are either keeping their own counsel on the issue, or have even issued guarded hints that they look on incorporation with favour.

National & Provincial, the seventh largest society, looks fairly close to announcing a decision to incorporate. One or two others in the top 10, such as Alliance & Leicester, may not be far behind.

City analysts predict that once one or two societies have followed Abbey National, there will be a haemorrhage of others from the industry until, as in Australia and South Africa, almost all the larger societies have exited into the banking market and only the tiny societies are left.

That should not be altogether depressing for the traditionalists in the industry. There are about 85 small societies in the UK, and they may continue along much the same lines they have always done.

Building societies were founded by their founders to be local institutions and the growth of the large societies into nationwide retail banks was unforeseen and to some

extent a historical accident.

Societies in the middle ground (numbers six to 20) from the Leeds Permanent to the Leeds & Holbeck, must now ask themselves searching questions about the best ways to ensure their survival.

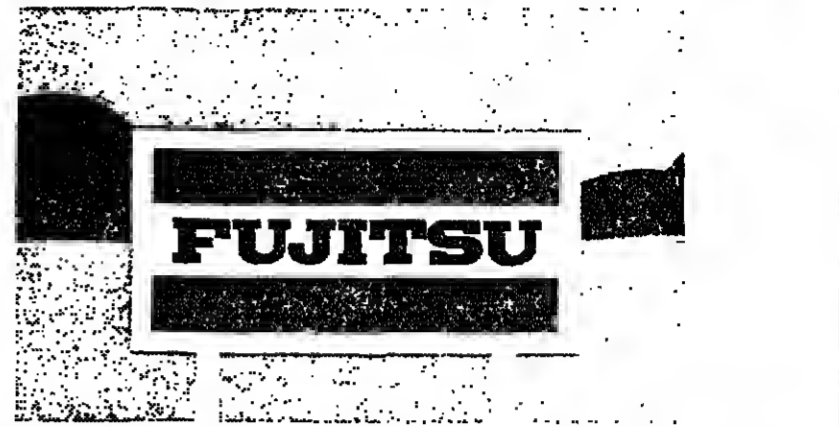
Many societies know that takeovers and even hostile takeovers of medium-sized building societies are possible, although the obstacles are even harder than for a stock market flotation. Potential purchasers and predators are already seeking out the services of merchant bank advisers in the City.

The 64 per cent turnout among Abbey National voters is bound to suggest to many medium-sized building societies that incorporation through a merger with a bank or building society is a live option to be taken very seriously. A merger would have to be approved by members in a ballot, in which there was a turnout of at least 50 per cent with 75 per cent of voters in favour.

The Abbey National poll result shows that this seemingly stiff requirement can be exceeded easily. A merger would offer voters very much higher cash rewards than the free-share issue being offered by Abbey National.

Indeed, those who believe that a forcible takeover of a building society is possible - by a predator appealing to members over the heads of the board - will find encouragement from this week's results at Wembley.

When FUJITSU wanted green fields, they chose Sedgefield's



Japan's largest domestic computer manufacturer, Fujitsu, has just chosen Sedgefield District for its first European semi-conductor manufacturing plant. The new £400 million facility represents one of the UK's largest inward investments and will eventually employ 1,500 people. Sedgefield have proved once again that our greenfield sites, excellent communications, skilled workforce and quality of life are second to none.

Think about it for your business - Fujitsu certainly did! Contact Janet Johnson on (0368) 811211 for a list of sites available.



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Hafnia profits up to DKr418m

By Hilary Barnes in Copenhagen

HAFNIA INVEST, the Danish insurance and financial services group, increased operating profits from DKr318m (US\$43.4m) to DKr418m last year.

Capital gains moved from a 1987 loss of DKr387m to a profit of DKr1.11bn, producing a net profit of DKr1.52bn from a loss of DKr79m in 1987.

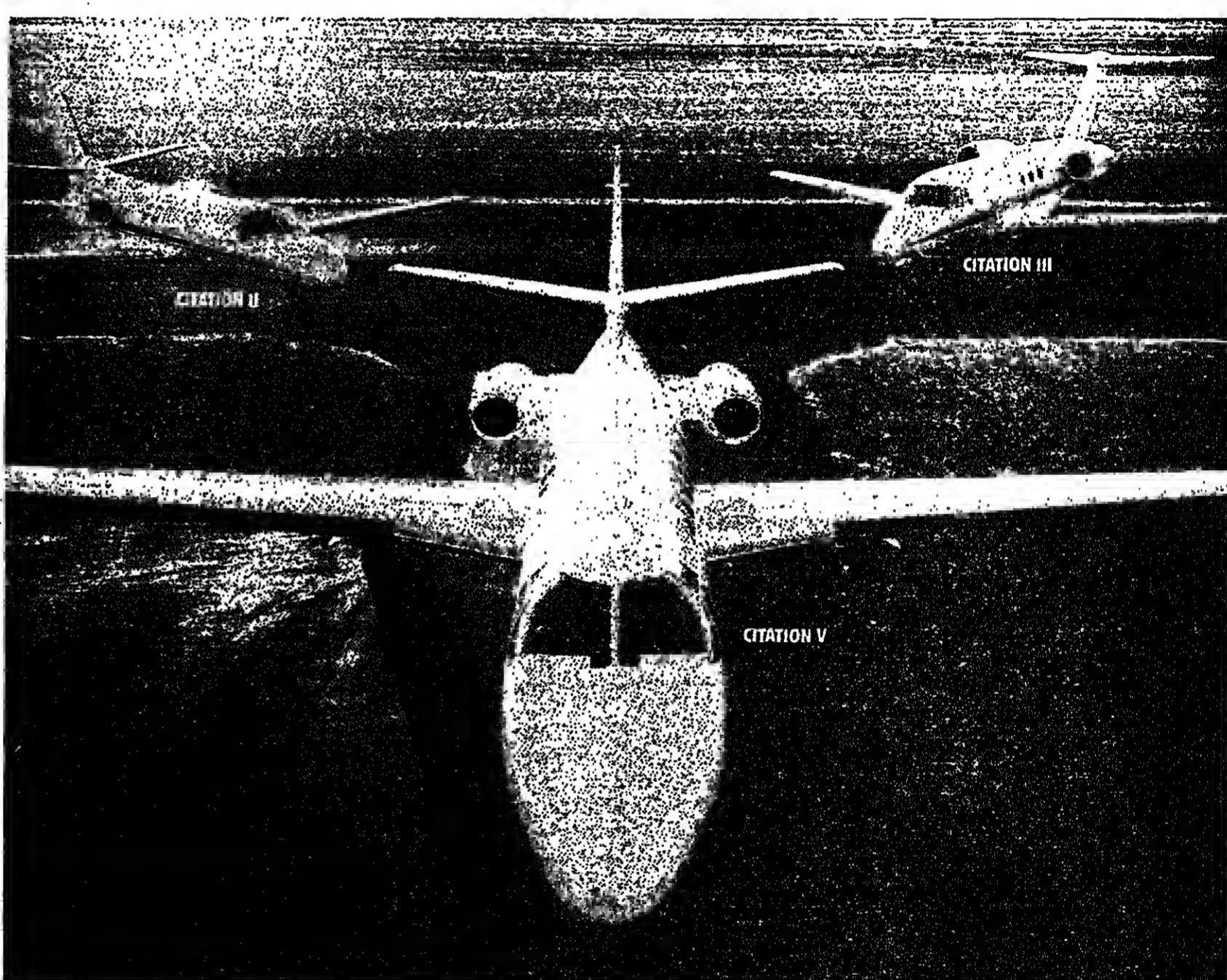
This was the group's best year ever, said the preliminary statement. Earnings per share in the parent company were DKr294 against a loss of DKr6 in 1987, with operating profits per share rising from DKr33 to DKr49.

The board proposed increasing the dividend from 7 to 8 per cent, and profits in 1989 are expected to exceed last year's levels. Group assets increased from DKr35.76bn to DKr39.65bn and shareholders' equity from DKr4.14bn to DKr5.36bn.

Operating profits at Hafnia Insurance increased from DKr286m to DKr333m.

Hafnia's other subsidiaries, an investment bank, a merchant bank, a real estate services and fund-raising companies, all contributed to profits.

The parent company's name is to change from Hafnia Invest to Hafnia Holding to avoid misunderstandings.



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But build it with an even more spacious cabin. Give it more cruise speed. Greater range. And the ability to fly quickly to higher altitudes. More like the Citation III.

That, they said, would be the ideal jet. And that's exactly what the Citation V provides.

The cabin seating area is nearly 15 feet long - 6 feet longer than our closest competition - with room for eight passengers to stretch out in a double-club seating arrangement.

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\* 1 GBP = 7.5 FIM

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Mead says profit dip 'masks true strength'

1988

Elker

# Compagnie Générale d'Électricité

At its April 4, 1989 meeting chaired by Pierre SUARD, the Board of Directors of Compagnie Générale d'Électricité (CGE) closed the accounts for fiscal 1988. CGE Group consolidated net income for the year amounted to FF 4,152 million, an increase of 23% over 1987. Net income was equal to 3.2% of consolidated sales which totalled FF 128 billion. This income-to-sales ratio is appreciably greater than the 2.7% achieved in 1987 and exceeds the 1990 target of 3% set when CGE was privatized in 1987. The 1988 advances reflect the improved performance of the large subsidiaries which were already generating substantial operating profits the previous year.



A BRIEF respite in the UK government gilt market opened the door for the launch of two new sterling Eurobonds, in spite of fears over the direction of currency and interest rates. In particular, domestic investors are nervous about the UK retail price index for March, a key inflation gauge which is set for release on Friday. Evidence of further inflationary pressures are likely to trigger renewed speculation about a rise in base rates to 14 per cent in the near future.

Still, Barclays Bank was able to issue a £125 million Eurobond bearing a 12 per cent coupon, the highest seen on any security of that maturity in years. The bonds, lead managed by Barclays de Zoete Wendt, were priced at 100% to yield 8.8 basis points over the 10% per cent gilts due 1992.

The combination of Barclay's AAA-rated status and the generous spread over gilts appeared sufficient to overcome background fears over sterling. Indeed, the securities offer an ample yield pick-up on other available Eurosterling deals of that maturity. For instance, a £100 million Eurobond for National Westminster, maturing in 1992, was trading yesterday at 45 basis points over gilts.

In explaining the timing of its issue, BZW said it had detected foreign investor demand for shorter paper early yesterday, on the heels of remarks by Mr Nigel Lawson, the Chancellor, that interest rates would be raised to defend the currency if necessary. That seemed sufficient to tempt some investors back into the market. Proceeds were said to have been swapped into floating rate funds at 20 to 30 basis points under Libor.

European Investment Bank issued a \$50 million bond due 1997, fungible with \$20 million of outstanding identical securities.

| 1988  | 1987              |
|---|-------------------|
| Sales   | 127,958 / 127,481 |
| Income from operations (including net interest) | 8,661 / 7,402     |
| Net income from current operations              | 3,447 / 2,827     |
| Consolidated net income                         | 4,152 / 3,358     |
| - Minority interests                            | 1,994 / 1,566     |
| - CGE share                                     | 2,158 / 1,832     |

| 1988  | 1987              |
|---|-------------------|
| Total assets  | 179,318 / 171,061 |
| Shareholders' equity and minority interests after appropriation | 29,846 / 29,030   |
| - Shareholders' equity  | 17,878 / 16,958   |
| - Non-current assets  | 45,263 / 39,085   |
| - Long-term resources   | 55,857 / 50,130   |
| - Long-term financial debt                                      | 13,118 / 11,185   |
| - Short-term financial debt                                     | 14,910 / 13,810   |
| Cash and equivalents  | 29,042 / 25,856   |

The Board of Directors also approved the legal, financial and administrative procedures related to the final agreement with the General Electric Company (GEC) of the U.K. dated March 22, 1989. By these arrangements, a company, incorporated in The Netherlands and jointly owned by the CGE and GEC groups, will be formed to take over the activities currently exercised by Alstom in the CGE Group and by GEC's Power Systems Group.

Subsequently, Alstom will become a holding company which, in addition to a 45% interest in CGE ALSTOM and real estate assets, will own 50% of the company formed jointly with GEC. When these arrangements are completed, CGE's major industrial assets will be controlled through two holding companies, Alstom will be the intermediary between CGE and its operating subsidiaries in the energy and transportation sector while Compagnie Financière Alcatel, which became a holding company through a similar process in 1986 when the CGE Group acquired ITT's telecommunications activities, holds group interests in the telecommunications, business systems and cables sectors.

The Chairman informed the Board, that studies are being made within the CGE group directed to streamlining structures by bringing the CGE parent company closer to its operating subsidiaries, in line with the industrial strategy announced by CGE at the time of its privatization in 1987 and since the new Alstom holding company and with Compagnie Financière Alcatel before the end of the first half of 1989. The Chairman stated that according to initial internal party estimates, which have to be submitted to court-appointed appraiser and merger experts, the ratios could be 7 CGE shares for 1 Compagnie Financière Alcatel share, and 7 CGE shares for 5 Alstom shares.

The Chairman added that the Board would meet in the near future, after the workers' representation committees concerned had been consulted, to review the studies now in progress on this structural simplification so as to be in a position, to request, if its conclusions so justify, shareholder approval of these mergers at the General Meeting of June 20, 1989.



## INTERNATIONAL CAPITAL MARKETS

# Barclays Bank pays 12% for three-year sterling

The bonds, lead managed by Chase Investment Bank, carried a coupon of 10 per cent and are priced at 95.45 per cent to yield 97 basis points over gilts.

## INTERNATIONAL BONDS

Dealers said that although the deal had a co-lead manager it was not syndicated and was believed to have been placed largely with a few investors who had expressed interest in it prior to launch.

In West Germany, several new deals emerged, including a DM110 million floating-rate Eurobond, guaranteed by Dresdner Finance BV, guaranteed by Dresdner Bank. The bonds are priced at 100.05 and pay a over three-month Libor.

Traders said the issue traded late yesterday well outside its 3% per cent fees at less than 2.80 per cent, proving difficult to sell because of the lack of investor familiarity with the borrower. While the coupon offers 3% more than Tuesday's Council of Europe 10-year bond, that does not appear sufficient to reassure investors.

## NEW INTERNATIONAL BOND ISSUES

| Borrower                  | Amount m. | Coupon % | Price   | Maturity | Fees    | Book runner           |
|---------------------------|-----------|----------|---------|----------|---------|-----------------------|
| US DOLLARS                |           |          |         |          |         |                       |
| Crescent Finance          | 100       | 12       | 100.05  | 1999     | 27/1250 | Dresdner Bank         |
| Metropolitan Est. & Prop. | 100       | 11 1/2   | 100     | 1994     | 24/110  | Deutsche Bank         |
| Nippon Credit Finance     | 200       | 10 1/2   | 101.25  | 1998     | 1 1/2   | Nippon Credit Int.    |
| Yomurt Land Co.           | 100       | 10       | 100     | 1993     | 2 1/4   | Nomura Int.           |
| Yomurt Land Co.           | 50        | 4 1/2    | 100     | 1993     | 2 1/4   | Nomura Int.           |
| CANADIAN DOLLARS          |           |          |         |          |         |                       |
| Montreal Trustco          | 100       | 11 1/2   | 101 1/2 | 1994     | 1 1/2   | Societe Generale      |
| STERLING                  |           |          |         |          |         |                       |
| Barclays Bank             | 125       | 12       | 100     | 1992     | 1 1/2   | BZW                   |
| Swedish Export Credit     | 50        | 10       | 95.45   | 1997     | 1 1/2   | Chase Investment Bank |
| AUSTRALIAN DOLLARS        |           |          |         |          |         |                       |
| Swedish Export Credit     | 50        | 20 1/2   | 101 1/2 | 1990     | 1 1/2   | Bankers Trust Int.    |
| SWISS FRANCES             |           |          |         |          |         |                       |
| Hilich Kiden Kogyo        | 120       | 10       | 100     | 1998     | n/a     | UBS                   |
| Hilich Kiden Kogyo        | 20        | 10       | 100     | 1994     | n/a     | UBS                   |
| Yamanaka Co.              | 80        | 10       | 100     | 1993     | n/a     | Credit Suisse         |

\*Private placements. †With equity warrants. ‡Convertible. §Final terms. ¶Floating rate notes. ¶¶ Coupon cut by 1/4 %.

†† Fixed with 200m base Libor, 5% and call at April 1994 and annually thereafter. ¶¶ Call at 100, put at 95, 0 with 5 warrants per Dem 10,000, 0 indicated put to yield 2.184%, 0 No put option. g) Put yields 1.829%, n) Currency-linked ASUUS.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

| US DOLLAR                    |        |         |         |       |        | CLOSING PRICES ON APRIL 12 |        |        |        |       |        |
|------------------------------|--------|---------|---------|-------|--------|----------------------------|--------|--------|--------|-------|--------|
| Symbol                       | Issued | OID     | Offer   | Yield | Change | Symbol                     | Issued | OID    | Offer  | Yield | Change |
| Abney National 7 1/2 '92     | 200    | 92 1/2  | 92 1/2  | 10.61 |        | Abney Nat. 1 1/2 '95       | 200    | 94 1/2 | 94 1/2 | 11.71 |        |
| B.F.C.E. 7 3/4 '92           | 150    | 91 3/4  | 92 1/4  | 10.36 |        | Canada 5 1/2 '90           | 200    | 92 1/2 | 92 1/2 | 5.03  |        |
| Br. Tel. Fin. 9 1/2 '96      | 250    | 96 1/2  | 96 1/2  | 9.98  |        | Canada 9 '89               | 200    | 94 1/4 | 94 1/4 | 5.15  |        |
| Canada 9 '96                 | 2000   | 96 1/4  | 96 1/4  | 9.69  |        | E.I.B. 4 1/2 '93           | 30     | 96 3/4 | 97 1/4 | 6.16  |        |
| Canada 10 1/4 '95            | 200    | 95 1/4  | 95 1/4  | 10.19 |        | Ireland 5 1/2 '93          | 30     | 92 1/4 | 92 1/4 | 5.12  |        |
| C.C.E. 8 1/2 '95             | 300    | 95 1/2  | 95 1/2  | 10.06 |        | Japan 8 '96                | 50     | 94 1/4 | 94 1/4 | 5.24  |        |
| C.N.C.A. 9 '95               | 150    | 97 1/2  | 97 1/2  | 10.10 |        | South Africa 7 1/2 '96     | 20     | 97 1/4 | 97 1/4 | 5.10  |        |
| Credit National 8 1/2 '92    | 200    | 92 1/2  | 92 1/2  | 10.22 |        | World Bank 5 1/2 '90       | 20     | 92 1/2 | 92 1/2 | 5.10  |        |
| Credit National 9 1/2 '92    | 200    | 92 1/2  | 92 1/2  | 10.22 |        | World Bank 7 1/2 '94       | 20     | 94 1/2 | 94 1/2 | 5.10  |        |
| Dai-ichi Kang 9 1/2 '92      | 150    | 97 1/2  | 97 1/2  | 10.20 |        |                            |        |        |        |       |        |
| E.E.C. 7 1/2 '92             | 100    | 92 1/2  | 92 1/2  | 10.17 |        |                            |        |        |        |       |        |
| E.E.C. 7 1/2 '93             | 250    | 94 1/2  | 94 1/2  | 10.15 |        |                            |        |        |        |       |        |
| E.I.B. 10 1/4 '93            | 100    | 94 1/4  | 94 1/4  | 10.12 |        |                            |        |        |        |       |        |
| E.I.B. 7 1/2 '93             | 100    | 94 1/2  | 94 1/2  | 10.23 |        |                            |        |        |        |       |        |
| E.I.B. 9 1/2 '92             | 150    | 94 1/2  | 94 1/2  | 9.95  |        |                            |        |        |        |       |        |
| Fin. Exp. Co. 9 1/2 '92      | 200    | 96 1/2  | 96 1/2  | 10.22 |        |                            |        |        |        |       |        |
| Ford Motor Credit 8 1/2 '92  | 200    | 95 1/2  | 95 1/2  | 10.49 |        |                            |        |        |        |       |        |
| Gen. Elec. Cap. 9 1/2 '90    | 200    | 94 1/2  | 94 1/2  | 10.44 |        |                            |        |        |        |       |        |
| Gen. Elec. Corp. 9 1/2 '90   | 200    | 94 1/2  | 94 1/2  | 10.41 |        |                            |        |        |        |       |        |
| Hilich Kiden 8 1/2 '92       | 200    | 94 1/2  | 94 1/2  | 10.41 |        |                            |        |        |        |       |        |
| IBM Credit Corp. 8 1/2 '92   | 250    | 97 1/2  | 97 1/2  | 10.10 |        |                            |        |        |        |       |        |
| IBM Credit Corp. 9 1/2 '92   | 250    | 97 1/2  | 97 1/2  | 10.10 |        |                            |        |        |        |       |        |
| Italy 9 1/2 '95              | 1000   | 97 1/2  | 97 1/2  | 10.13 |        |                            |        |        |        |       |        |
| L.T.C.B. of Japan 9 1/2 '92  | 100    | 94 1/2  | 94 1/2  | 10.54 |        |                            |        |        |        |       |        |
| L.T.C.B. of Japan 9 1/2 '93  | 100    | 94 1/2  | 94 1/2  | 10.54 |        |                            |        |        |        |       |        |
| Metropolitan Tokyo 9 1/2 '92 | 200    | 96 1/2  | 96 1/2  | 10.05 |        |                            |        |        |        |       |        |
| Nippon Tel. 8 1/2 '96        | 200    | 96 1/2  | 96 1/2  | 10.05 |        |                            |        |        |        |       |        |
| Norwich 9 1/2 '95            | 200    | 95 1/2  | 95 1/2  | 10.03 |        |                            |        |        |        |       |        |
| Portugal 9 1/2 '91           | 200    | 95 1/2  | 95 1/2  | 10.70 |        |                            |        |        |        |       |        |
| Hydro-Quebec 8 1/2 '92       | 150    | 94 1/2  | 94 1/2  | 10.27 |        |                            |        |        |        |       |        |
| Hydro-Quebec 10 1/4 '92      | 140    | 100 1/4 | 100 1/4 | 10.13 |        |                            |        |        |        |       |        |
| Saskatchewan 10 1/2 '92      | 100    | 100 1/2 | 100 1/2 | 10.36 |        |                            |        |        |        |       |        |
| State St. Asset 9 1/2 '92    | 100    | 95 1/2  | 95 1/2  | 10.22 |        |                            |        |        |        |       |        |
| Switzerland 9 1/2 '92        | 150    | 97 1/2  | 97 1/2  | 10.34 |        |                            |        |        |        |       |        |
| Swiss Exp. Credit 7 1/2 '91  | 100    | 92 1/2  | 92 1/2  | 10.17 |        |                            |        |        |        |       |        |
| Sweden 8 1/2 '95             | 100    | 92 1/2  | 92 1/2  | 10.22 |        |                            |        |        |        |       |        |
| Svenska 8 1/2 '95            | 200    | 93 1/2  | 93 1/2  | 9.96  |        |                            |        |        |        |       |        |
| Tokai 9 1/2 '92              | 200    | 97 1/2  | 97 1/2  | 10.42 |        |                            |        |        |        |       |        |
| Toyota 9 1/2 '92             | 200    | 97 1/2  | 97 1/2  | 10.42 |        |                            |        |        |        |       |        |
| Victoria Reg 1 1/2 '92       | 150    | 102 1/2 | 102 1/2 | 10.46 |        |                            |        |        |        |       |        |
| World Bank 9 1/2 '92         | 100    | 92 1/2  | 92 1/2  | 10.44 |        |                            |        |        |        |       |        |
| World Bank 9 7/8 '92         | 300    | 94 1/4  | 94 1/4  | 9.96  |        |                            |        |        |        |       |        |
| World Bank 9 1/2 '92         | 300    | 94 1/4  | 94 1/4  | 9.98  |        |                            |        |        |        |       |        |
| World Bank 9 7/8 '92         | 300    | 94 1/4  | 94 1/4  | 9.98  |        |                            |        |        |        |       |        |
| Yanuka Trust Fin 8 1/2 '93   | 100    | 99 3/4  | 99 3/4  | 10.42 |        |                            |        |        |        |       |        |

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**FINANCIAL TIMES**  
LONDON & BOSTON INDEPENDENTLY OWNED

## Swiss crack down on hidden bank reserves

By William Dutton in Geneva

SWITZERLAND'S Federal Banking Commission plans to draw up stricter directives on the use of hidden reserves by Swiss banks to conceal or minimize losses.

The Commission's decision follows its own analysis of the 1987 accounts of 470 banks and disclosures earlier this year that the big three Swiss banks had suffered losses on their London operations in 1987 which were not reflected in their annual reports.

Mr Kurt Bauri, the Commission's director, said that of 65 Swiss banks which actually ran a loss on their 1987 accounts, 46 had only been reported a profit. Only 56 of the 330 banks whose earnings had been lower in 1987 than in the previous year had posted reduced profits.

The banks had not infringed the Commission's rules but the general trend demonstrated that new guidelines had to be drawn up to ensure that published accounts were truthful, Mr Bauri said.

Swiss law allows banks to build up and dissolve hidden reserves with no obligation to reflect changes to the reserves in their published accounts. Nor, so far, have they had to publish hidden accounts.

Credit Suisse gave a spectacular demonstration of the strength of the banks' hidden reserves when, in 1977, it absorbed a huge loss, but at SF1.7bn (\$1.02bn), its Chassis branch with almost no wavering in its reported earnings.

The practice of allowing Swiss banks large scope to create hidden reserves was aimed at letting them smooth out variations in performance from year to year. It had been encouraged by the Commission.

Nonetheless, confidence in a bank tends to diminish if it tries to conceal negative developments or embellish the situation in an implausible way.

The Commission is setting up a working group, which will include bankers, to recommend new guidelines for hidden reserves.

## Supervision call for NZ regulators

A GOVERNMENT inquiry into a troubled New Zealand stock market has recommended that a supervisory authority be set up to oversee regulatory bodies for all public securities markets, Kenter reports.

Mr Geoffrey Palmer, Justice Minister, said on Tuesday in a statement accompanying the inquiry's report: "It has not yet become clear for self-regulation with statutory enforcement." He added: "It does not recommend government regulation of the market-place, but a supervisory structure to ensure that self-regulatory agencies are fulfilling their roles."

The inquiry's committee, chaired by Mr Spencer Russell, former Reserve Bank governor, said the supervisory authority should absorb the present Securities Commission. It would approve operating rules of self-regulating organisations such as the New Zealand Stock Exchange.

New Zealand's stock market was one of the worst hit by the October 1987 crash and slowest to recover. The Barclays share index is still 46 per cent below its levels immediately prior to the crash.

INTERNATIONAL CAPITAL MARKETS

US bonds stay subdued as trade data doubts grow

By Janet Bush in New York and Katharine Campbell in London

THE long wait for Friday's producer prices and trade figures continued yesterday with US Treasury bonds trading quietly and in a narrow range for the third consecutive day.

GOVERNMENT BONDS

The yield on the Treasury's benchmark long bond rose to 9.32 per cent.

The main focus of the market was the seven-year note auction during the afternoon session.

In when-issued trading, the notes were yielding 9.36 per cent, up two basis points from Tuesday.

There was some caution ahead of the sale, with dealers concerned that there would be little interest in such a lacklustre market so close to this week's important economic releases, due today and tomorrow.

Forecasts started emerging of the data yesterday, which influenced trading somewhat. The consensus on the trade figures is for a deficit of \$10.4bn, compared with \$9.5bn in January, as economists believe there was a substantial increase in imports in February.

The producer price index is expected to have risen by 0.5 per cent in March after

monthly increases of 1 per cent in January and February. The PPI gain has been boosted by higher energy prices.

SPERULATION That Mr Gerhard Stoltenberg, West Germany's Finance Minister, may be replaced by Mr Theo Waigel, a member of the Christian Social Union party, whose main priorities are thought to include the removal of withholding tax on German bonds, came too late in the day to move the market much.

However, Life traders reported a five to 10 pipening rise in the 10-year government bond future, which closed at 93.34, still 7 basis points down on the previous settlement.

The repurchase allocation earlier in the day was, at DM14bn, more generous than had been expected and the rates, between 5.80 and 6.20 per cent, were on the positive side.

While this produced a moderately favourable response, a large increase in wholesale prices for the quarter to February depressed the market, at least in London.

The spread between cash and futures prices has narrowed from 75 basis points to about 20 basis points, so that arbitrageurs have been unwinding outstanding positions, buying futures and selling cash.

Commonwealth 12 per cent bond due July 1999 yielding 12.80 per cent.

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European stock exchanges close ranks

Haig Simonian on the bourses' efforts to present a more unified front ahead of 1992

Almost 15 years after starting to work together informally, the European Community's stock exchanges are belatedly trying to present a more unified front towards the European Commission in Brussels ahead of a string of new legislation which could seriously affect the way many conduct their business.

According to Mr Ridiger von Rosen, chairman of the European Capital Market Group (ECMG) and executive vice chairman of the Federation of German Stock Exchanges, the decision last year to revive the ECMG and to shift its focus away from purely technical issues back to its roots in everyday business stemmed from the approach of the free internal market after 1992 and a general feeling that EC stock exchanges needed to develop new links with the Commission.

The ECMG is a sub-group of the EC Stock Exchange Committee. The topics now on its agenda certainly cover a daunting variety of issues including indirect taxes, takeover bids and insider trading.

But after a meeting last month with Sir Leon Brittan, the European Commissioner responsible for stock exchange business, the bourses - represented by Mr Ettore Fumagalli, president of the EC Stock Exchange Committee, Mr Jeffrey Knight, chairman of its working group and chief executive of the London Stock Exchange, and Mr von Rosen - may be making some progress.

With widely differing regulations and trading practices between the 12 member states, the ECMG has decided to start small. Last year they produced a joint report calling for the abolition of all indirect taxes on stock exchange trading throughout the EC.



Ettore Fumagalli, bourses making progress

It was the first time the committee stood together to call on their national governments to abolish all stock exchange trading and turnover taxes as part of a general tax harmonisation, says Mr von Rosen.

The subject is of particular interest to German bourses, which complain of losing business to London as a result of their country's stock exchange turnover tax. The tax, which raised DM85bn (\$31bn) in 1988, looks set to stay, in spite of an election pledge by the Bonn Government to abolish it and a recent pledge by the state government of Hesse, home of Frankfurt, Germany's financial centre - to press for its removal.

Mr von Rosen says the aim is now to develop the ECMG, which includes representatives from stock exchanges in all member states, as the single interlocutor with the Commission for European bourses.

Agreeing a draft guideline on EC-wide insider trading laws is thought to be of particular interest to the Spanish Government, which is president of the Council of Ministers until the end of June.

Relations between the bourses and the Commission have changed for the better since December, when the Commission made clear it had no intention of developing into a European version of the US Securities and Exchange Commission.

European bourses have taken comfort from the Brussels view that market supervision is either a matter for domestic regulators or for the bourses themselves, with the Commission's brief being limited to encouraging a level playing field between national capital markets.

The steps that have been taken on insider trading in EC countries illustrate the general drift towards common standards, even before the ECMG's revival in mid-1987.

In the past two years, a string of member states have replaced old voluntary anti-insider guidelines with legally-binding rules. That has increasingly put the spotlight on West Germany, which is now the only large member state which does not have a legally-binding insider trading law.

The Germans have stuck to their guns, although the signs are that they will soon introduce a legally-based system, in line with every other EC state

except Luxembourg. Agreeing a draft guideline on EC-wide insider trading laws is thought to be of particular interest to the Spanish Government, which is president of the Council of Ministers until the end of June.

German approval is likely to come as soon as an accord is reached on defining a secondary insider. According to one observer, that suggests that insider trading could be outlawed in Germany by the end of the year.

The Germans may eventually come to appreciate a legally-based system. Experience has already shown that some agreements, such as that on EC-wide joint listing and prospectus requirements for new issues, can be particularly beneficial to a country like Germany, where there is a strong federal system and numerous bourses.

With eight domestic stock exchanges in Germany, the new EC rules on mutual recognition of listing procedures, which look set to be passed this summer - sooner than in other member states - will make life appreciably easier for EC companies wanting to list their paper on all the country's markets.

Rather than having to go through eight separate listing procedures, from Hamburg to Munich, once the appropriate law is passed a company would only have to handle one set of paperwork to list its shares nationwide.

When similar laws go through in other member states, that simplification will apply Community-wide.

Life to launch three-month Ecu contract

By Katharine Campbell

THE London International Financial Futures Exchange (Liffe) plans to launch a short-term interest rate future denominated in Ecu, possibly in the third quarter of this year, according to Mr David Burton, Liffe chairman, who was addressing an International Financing Review conference on the single European market.

Traders noted that there was still quite significant switching from gilts into German government bonds, mainly on behalf of non-UK investors jittery about sterling's medium-term prospects.

The long gilt future on Liffe closed at 94.30, weaker on the day.

Interest rate future exists. When Liffe undertook a market survey last December to gauge demand for the product, the London exchange discovered greater demand for a Euro-Mark future, which it is launching next week.

But in spite of the underdeveloped state of the Ecu cash market, there continues to be considerable interest in the basket currency, particularly since the UK Government began issuing Ecu-denominated Treasury bills regularly.

The Bank of England is known to be keen that Liffe introduce such a futures contract.

Current lack of liquidity in the cash market might be overcome by a novel market-maker system on Liffe, Mr Burton suggested, whereby half a dozen traders would be committed to making regular two-way prices on the exchange floor - a practice commonplace in options products but untested in the futures arena.

much of his speech to underlining the desirability of co-operation between European derivatives exchanges, competitive issues also emerged.

The Matiff's outline agreement to join Globex - the electronic trading system being developed jointly by the Chicago Mercantile Exchange and Reuters - is likely to include an arrangement giving the French exchange sole rights to trade Ecu as well as French franc products within the new system, Mr Burton said.

Kredietbank prices issue

AN international share offering of ten shares for Kredietbank, the Belgian bank, was priced yesterday at BF4,375 (\$110) a share, writes Stephen Fidler.

Morgan Stanley International, head of the international equity syndicate, said the underwriters were granted an over-allocation option for a further 100,000 shares. The shares closed on Tuesday at BF4,700. Brussels stock exchange at BF4,700. They will be entitled to dividends for the financial year beginning April 1.

LONDON MARKET STATISTICS

Table titled 'RISES AND FALLS YESTERDAY' showing changes in British Funds, Corporate Bonds, and various stock indices.

Table titled 'LONDON RECENT ISSUES' showing details for various equity issues including company names, amounts, and dates.

Table titled 'FIXED INTEREST STOCKS' showing details for various fixed interest securities.

Table titled 'RIGHTS OFFERS' showing details for various rights issues.

Table titled 'TRADITIONAL OPTIONS' showing details for various traditional options.

Table titled 'LONDON TRADED OPTIONS' showing details for various traded options.

THE NEW financial year continued to bring substantial business to the London Traded Options Market yesterday, though it was perhaps a stronger factor in the April 10 expiry day in individual stocks. Overall market business came to \$8.236 contracts, made up of 40,783 calls and 15,453 puts. It was a sharp increase on the little net movement on the underlying market, however, which led the way in traded options dealings.

Trading in the FT-SE 100 index continued to run under the spell of the clutch of inflation news coming out at the end of the week from the UK and the US, along with the monthly US overseas trade deficit figures.

Dealings in the index options were modest by any recent standard, showing a sharp fall from the relatively high level seen on Tuesday. Overall business index business came to no more than 4,529 contracts, comprising 2,852 calls and 1,677 puts. The index itself gained 1.7 points on the day to 2,053, helped by a mild upward drift from the London International Futures contract in it, which showed a modest premium over fair value.

TSB again caught the eye, on 2,521 contracts, of which only 112 were calls and 2,409 puts. The most heavily traded series was the April 10 put, which found 1,757 contracts, including a close of interest of 1,430 contracts to 1.13.

The April expiry roll-over in Steel was not quickly reflected in the day's statistics. An early count, struck on the close of dealings, showed Steel as having an opening of interest in the April 10 call of 227 contracts to 2,327. There was also opening of position of 971 to 5,881 in the July 80 call. The first of these series attracted 1,547 contracts and the second 1,882.

Trading in the FT-SE 100 index continued to run under the spell of the clutch of inflation news coming out at the end of the week from the UK and the US, along with the monthly US overseas trade deficit figures.

Dealings in the index options were modest by any recent standard, showing a sharp fall from the relatively high level seen on Tuesday. Overall business index business came to no more than 4,529 contracts, comprising 2,852 calls and 1,677 puts. The index itself gained 1.7 points on the day to 2,053, helped by a mild upward drift from the London International Futures contract in it, which showed a modest premium over fair value.

TSB again caught the eye, on 2,521 contracts, of which only 112 were calls and 2,409 puts. The most heavily traded series was the April 10 put, which found 1,757 contracts, including a close of interest of 1,430 contracts to 1.13.

The April expiry roll-over in Steel was not quickly reflected in the day's statistics. An early count, struck on the close of dealings, showed Steel as having an opening of interest in the April 10 call of 227 contracts to 2,327. There was also opening of position of 971 to 5,881 in the July 80 call. The first of these series attracted 1,547 contracts and the second 1,882.

ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table titled 'EQUITY GROUPS & SUB-SECTIONS' showing various equity indices and their performance metrics for Wednesday April 12 1989.

FIXED INTEREST

Table titled 'FIXED INTEREST' showing average gross redemption yields for various interest-bearing assets.

## UK COMPANY NEWS

## No evidence of consumers trading down to cheaper products Tesco pleases City with £276m

By Maggie Urry

**TESCO**, the food retail group, is suffering no ill-effects from the squeeze on consumer spending, Sir Ian MacLaurin, chairman, said yesterday.

He announced that pre-tax profits in the year to February 25 had risen over 22 per cent to £276m, at the top end of analysts' expectations. The shares rose 5p to close at 153p.

Sir Ian, and Mr David Malpas, managing director, admitted some surprise that consumers had not traded down to cheaper products, but said that spending on food had become a smaller proportion of most people's budgets and the last area people were prepared to cut back. Mr Malpas said that even in economically depressed areas Tesco operated successfully.

Sir Ian said: "turnover in the first few weeks of the current year continues to be very satisfactory." He was "extremely pleased" with last year's figures. Sales, after a dull summer, had picked up around

Christmas and continued well. Currently sales in like-for-like stores were running 6 per cent up, against 5 per cent in the last financial year, with inflation for the group's products at about 4 per cent.

Overall turnover, excluding VAT, rose by 14.5 per cent to £4.72bn, and operating margins were up from 5.3 per cent to 5.9 per cent. Sir Ian said the increase in margins was due to the performance of "conforming" supermarkets — the large modern stores offering the up-to-date Tesco "package". Tesco has 126 of these out of a total of 372 stores.

These stores were showing sales gains of 10 per cent and achieve an operating margin of around 8 per cent. About half of group sales are made through the conforming stores, and this percentage would rise as new stores open.

Capital expenditure during the year totalled £485m, of which £320m related to new stores; 16 stores were opened during the year with 22



Sir Ian MacLaurin: pushing hard on "green" products. Planned in the current year. Even so net borrowings fell by £51m to £216m.

The group is pushing hard on "green" products which Mr Malpas said had captured the public imagination. "people want it and we are going to provide it," he said. Unleaded petrol now made up 20 per cent of sales in Tesco's petrol sta-

tions.

Sir Ian said the group was improving pay deals to staff, particularly for young staff in the anticipation of labour shortages. However, Mr David Reid, finance director, said that productivity gains would mean that staff costs would not rise significantly as a percentage of sales.

The pre-tax profit figure included property sales profits of £10.7m (£6.6m) and is after net interest receivable of £2.4m (£15.3m). The group had decided to provide for extra interest which might become payable on its convertible bond issue which cost £5.8m (£23m). Employee profit sharing took £13.8m (£10.7m).

After a tax charge of 32.5 per cent (33.3 per cent), earnings per share on a fully diluted basis, and excluding property profits, were 11.22p, up 17.2 per cent. The final dividend is raised to 2.33p, giving a total for the year of 3.5p, up 22.6 per cent.

See Lex

## Pearl up 40% in spite of relocation costs

By Eric Short

**PEARL GROUP** paid out £7.5m in 1988 to meet costs so far incurred in its relocation to Peterborough. And relocation costs this year could be at least twice as much as the redundancy programmes get under way.

Nevertheless, the group reported a near 40 per cent rise in after-tax profits for 1988 from £21m to £29.2m, thanks to continued good life profits and a strong recovery in its general

insurance business. Earnings per share rose from 17.2p to 23.5p.

The recommended final dividend is raised to 9p making 15p for the year — an increase of 20 per cent.

On its mainstream life and pensions business, where profits continued their upward growth with a 13 per cent increase to £49.2m, Pearl participated fully in last year's pension sales boom, writing

three times the amount of business written in the previous year.

Indeed the group captured 10 per cent of the new personal pension market, having issued 120,000 proposals in the nine months since these contracts first became available on July 1 1988.

This offset a decline in unlinked sales, with investor confidence hit by the 1987 stock market crash, and a fall in individual life business following the introduction of the stringent requirements of the financial services regulations.

Pearl's non-life business showed a strong recovery last year, thanks mainly to favourable weather. Profits rose from a virtual break-even position in 1987 to £14.7m last year.

Mr Elinor Holland, chairman, reported that FIA now has a 13 per cent holding in the group.

He also indicated that the group was looking at expanding its marketing and distribution channels beyond its traditional field force into direct

marketing, media advertising and through independent financial advisers, starting with the promoting of its unit trusts. A new investment product is being launched shortly.

### COMMENT

Pearl's results were somewhat better than expected by the market, thanks to a very strong recovery in its, mainly domestic, general insurance business. The group's actuary is still maintaining the traditionally cautious approach to unlocking surplus from the life funds and life profits were below expectations. Continued growth from life profits can be expected this year with 1988's pensions business starting to produce profits. The general insurance operations should maintain profits unless Autumn weather in the UK becomes extremely adverse.

The share price fall of 1p to 415p, leading to a yield of 4.2 per cent on a prospective dividend of 17.5p, sums up the market reaction and assessment of Pearl's prospects.

## Hillsdown seeks guidance

By Nikki Tall

**KLEINWORT BENSON**, advisers to Hillsdown Holdings, yesterday confirmed that they had asked the Takeover Panel for guidance on whether the food, furniture and property group is bound by the normal three-week deadline following Monopoles and Mergers Commission investigations, should it wish to bid for Pittard Garnar, the leather company. The Panel has yet to

respond.

The situation is unusual in that Hillsdown never made a bid for Pittard, but asked the MMC to conduct an investigation into any potential increase in its 16.5 per cent holding.

The request was made in the light of the refusal of a £14m bid for Pittard from Strong & Fisher. Both inquiries resulted in clearance from the MMC.

## DTI looks into shares of three companies

By Ray Bashford

**THE** Department of Trade and Industry is investigating trading in the shares of Mersey Docks and Harbour Company, Metal Closures and Winchmore, Mr Francis Mankie, the Minister for Corporate Affairs, announced yesterday.

The inquiry is being carried out by Mr David Evan and Mr Brian Worth who last July were appointed to investigate Francis Industries, F.H. Lloyd and James Neill Holdings which have been linked with Mr David Abell, the chairman of Suter, the industrial holding company.

Mr Abell is deputy chairman of Mersey Docks, Suter is a 23 per cent shareholder in Metal Closures, the packaging and printing company, and Mr Abell has owned shares in Winchmore, the engineering group.

The investigation announced yesterday is being carried out under Section 443 of the Companies Act and will focus on determining whether there have been breaches of Section 204 of the Companies Act relating to concert party arrangements.

The same sections of the Companies Act are being used in the investigation announced last July into Francis Industries, F.H. Lloyd and James Neill.

Mersey Docks revealed earlier this week that DTI inspectors had appointed inspectors to probe dealing in the company's shares.

These inquiries are being carried out under a section of the Companies Act relating to insider trading. The company's shares rose dramatically in 1987 in the six week run-up to the July announcement of a major property development in Liverpool.

The DTI yesterday followed usual practice and refused to comment on the statement or confirm the Mersey Docks statement on the insider trading investigation.

## Verbal dual at Audio Fidelity

By John Thornhill

**THE** extraordinary general meeting yesterday held by Audio Fidelity, the consumer products company, was certainly out of the ordinary.

The meeting was called to discuss a proposed seven-for-eight rights issue, but almost immediately it deteriorated into verbal combat between Mr Steven Goldberg, the former managing director of Audio, and Mr Ian Burton, the bewildered-looking present chairman and former creator of the Hot Gossip dance group.

The two businessmen took over Audio in 1987 but have since spectacularly fallen out with each other, resulting in January in Mr Goldberg's removal from the board.

Mr Goldberg, who still has an 18 per cent stake in Audio, seized the opportunity to ask 11 questions of the board, much to the apparent irritation of Mr Burton.

The questions related to Mr Burton's handling of Samleo Telecommunications, a leasing subsidiary, and Captain Billys Music, Audio's record company. Mr Goldberg also asked the board about accounting irregularities that became public earlier this year in the group's shares, the company's intentions regarding the sale of the audio division, and about a Park Lane property which he said was "used as a residence by a lady who is not employed by the company."

After discussing the questions with Mr Peter Woodward, the newly-appointed finance director, Mr Burton responded.

He said it was Audio's intention to sell Samleo and he was now in dialogue with its directors. He also confirmed that Audio was considering offers for its audio division. He denied dealing in the company's shares but refused to answer the "personal allegations" made against him.

As to the accounting irregularities, he said that Sloy Hayward, Audio's auditor, had quantified a discrepancy of £27,000 and were investigating who was at fault. "We are taking legal advice about what action can be taken against those found to be responsible," he said.

Mr Goldberg said he was dissatisfied with the answers and asserted that Mr Burton was not a suitable person to run a public company. If necessary, he would call a shareholders' meeting to discuss this issue.

About the only thing Mr Goldberg and Mr Burton seemed to agree on was the desirability of the rights issue and in the last five minutes of the meeting the resolution was only passed.

## European construction growth boosts RMC

By Andrew Taylor, Construction Correspondent

**RMC GROUP**, the world's biggest producer of ready-mixed concrete, last year increased pre-tax profits by 37 per cent to £205.9m. The rise reflected increases in construction output in most leading European countries where the British group operates.

The only markets to show flat or a slight decline in profits last year was the US and Austria, said Mr Jim Owen, RMC's managing director.

The group produced more than 30m cubic metres of concrete last year, enough to build four ring roads around London.

Sales volume rose by 18 per cent in the UK by more than 14 per cent in France and by just under 4 per cent in West Germany. Margins in West Germany also improved significantly.

Group turnover during the 12 months to the end of December rose by 15 per cent to £2,066m. Profits would have been 26m higher but for adverse currency exchange movements, said Mr Owen.

The biggest profits increase occurred in the UK, Europe's second fastest growing construction market last year

after Spain, where RMC also has a small but expanding concrete and aggregates business.

UK profits from RMC rose by almost 50 per cent last year to £127.5m. Sales increased by more than a quarter to just under £1bn.

West German profits rose by 21 per cent to £32.1m. The increase was 33 per cent before translation into sterling, said Mr John Camden, RMC's chairman, who helped found the group's German subsidiary.

RMC is Germany's biggest concrete producer with about 17 per cent of the local market. It said West German construction output had improved since housebuilding reached its low point in the mid 1980s.

RMC is also the largest wholly-owned producer of concrete in France. It said sales and profits from France were expected to increase this year following a series of recent small acquisitions.

It acquired a further 17 ready-mixed concrete plants and two more quarries in France last year.

RMC said it expected profits to remain flat in the US where construction output was forecast to fall by about 5 per cent

this year. The market was particularly difficult for ready-mixed concrete in Atlanta, Georgia, where one of RMC's major competitors was Blue Circle, Britain's biggest cement manufacturer. Blue Circle is due to publish its annual results today.

RMC said the UK market was expected to remain very strong but sales growth would not be at last year's heady pace. Mr Camden said sales of concrete and aggregates during the first three months of this year were about 5 per cent to 6 per cent higher than during the first three months of 1988.

Worldwide profits from ready-mixed concrete and aggregates rose from £166m to £152.3m. Profits from concrete products, cement and lime, used among others by the West German steel and chemical industries, rose from £28.2m to £30.4m.

Merchandising, do-it-yourself waste disposal, security and leisure businesses in the UK increased operating profits from £20.5m to £23.2m.

A final dividend of 9.9p (7.5p) makes a total of 14.5 (11p) for the year.

See Lex

## Hewden Stuart up to £28.27m

By John Fiddling

**CONTINUED STRONG** demand across its businesses boosted taxable profits at Hewden Stuart, the Glasgow-based plant hire group, to £28.27m for 1988, an increase of 62 per cent.

Turnover, at £201m, showed an increase of 30 per cent. Earnings per share, fully diluted, rose from 8.53p to 13.15p and the proposed final dividend is 2p giving a total for the year of 2.75p (2.04p).

Sir Matthew Goodwin, chairman, described the results as "marvellous".

The hire operations division, which generates the bulk of group profits, experienced a significant increase in demand in the Midlands and the north. The merchandising division, benefiting from improved mar-

kets and sales, reported profits 61 per cent higher at £3.8m.

### COMMENT

Hewden's results will displease only competitors and analysts; the latter having repeatedly upped forecasts from beginning of year estimates of £22m only to be beaten by the final tally. The story behind the impressive performance is fairly simple: strong markets, good management, high capital expenditure, the increased subcontracting within the construction industry — and does not need to be buttressed by consideration of another warm winter. Of the relevant factors only the first remains a question mark for the foreseeable future in that any marked

slowdown in economic activity must ultimately affect Hewden, as it did in 1981. But 1988 certainly looks promising and there is as yet little ground for pessimism beyond that. With 34,000 active accounts at the last count, including most of the blue-chip companies, the group has a business customer spread to match its geographic one and has a relatively low core-to-core-to-the-housing market. More immediately, the high levels of capital expenditure have positioned it well to benefit from the lively markets north from the Midlands. Overall profits in the region of £36m can be expected, which on the basis of today's share price of 145p, up 5p, gives a multiple of 8.5.

## Rumour lifts Gold Fields' share price

By Kenneth Gooding, Mining Correspondent

A false rumour that a New York court had removed the injunction which stops Minorco, the South African-controlled investment company, buying any more shares in Consolidated Gold Fields, the UK diversified mining group, yesterday sent Gold Fields' share price sharply upwards briefly.

It jumped from £18.20 to £13.70 before settling back to close at £13.53 after Judge Michael Minkasey denied he had lifted the injunction. The judge is currently attending a seminar and will not be back in court until next Monday.

Meanwhile, the war of words between Gold Fields and Minorco continued.

### DIVIDENDS ANNOUNCED

|                  | Current payment | Date of payment | Corres. Total pooling dividend | Total for year | Total last year |
|------------------|-----------------|-----------------|--------------------------------|----------------|-----------------|
| Addison Consult  | 0.9             | -               | 1.94                           | 1.4            | 2.64            |
| American Dist 5  | 2.25            | July 3          | -                              | 2.25           | -               |
| Acquacult Group  | 2               | July 8          | 52                             | 54             | 3               |
| Avis Europe      | 7.1             | July 8          | -                              | 7.1            | 8               |
| Carlson St Irvis | 5               | June 6          | 4                              | 9              | 8               |
| Comellis         | 8               | -               | 5.5                            | 9              | 8               |
| Dowling & Mills  | 0.8             | May 19          | 0.71                           | 2.0            | 2.0             |
| Fawco            | 3c              | July 3          | 7.1                            | 12.2           | 10.6            |
| Hay (Norman)     | 1.5             | July 3          | 1.1                            | 2.6            | 1.6             |
| Heine            | 1.24            | July 1          | 1.13                           | 1.79           | 1.63            |
| Hewden Stuart    | 2               | July 14         | 1.4375                         | 2.75           | 2.04            |
| Higgs and Hill   | 6               | June 6          | 6                              | 12             | 9               |
| Jacks (William)  | 1.1             | July 4          | 0.9                            | 2              | 1.7             |
| Mecca Leisure    | 1.2             | -               | 2.15                           | 5.7            | 3.65            |
| Needler Group 5  | 6.95            | -               | -                              | 9.8            | -               |
| Pearl Group      | 9               | June 14         | 7.5                            | 15             | 12.5            |
| Polly Peck Int   | 57*             | Aug 4           | 5.104*                         | 12.21*         | 6.562*          |
| RMC Group        | 9.9             | May 25          | 7.5                            | 14.5           | 11              |
| Smiths Inds      | 3.25            | June 9          | 2.25                           | 7.5            | 7.5             |
| Telfos Holdings  | 5               | June 5          | 3                              | 8              | 5               |
| Tesco            | 2.325*          | July 8          | 1.65                           | 3.6            | 2.85            |

Dividends shown pence per share not except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡SUSM stock. §Unquoted stock. ¶Third market. \*Carries scrip option. †For 15 months. ‡For 16 months. ††Paid prior to demerger of Michael Page Group. ‡Canadian currency throughout.



## CENTRAL MANCHESTER DEVELOPMENT CORPORATION

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F C Hawkios, Esq  
The Hive  
Honeyput Lane  
Sessexes  
Wessex B81 8B2

13 April 1989

Dear Fred

You'll never believe it! Those ad people have just told me that our Sumbie Bee logo is in fact a wasp. I told them that's how we asked for our Sumbie Bee to be designed. That stumped them!

The good news is the completion of Iodia House, the first major redevelopment within the Area. This has meant that we have 140 new residential units in the centre of Manchester and what a more the tenacity of each oae has been assured.

Of course many more projects are underway. One of the most notable is the redevelopment of the Refuge Building, the former headquarters of the Refuge Assurance Company, creating an office and business centre. This development will offer flexible leases on various sizes of units, and we are encouraging the creation of a high technology business park on the land at the rear of the building.

Another very exciting development is The Piccadilly Village. The Village is being developed around the warehouses, canals and basins of Ancoats, creating a new community of houses, offices, shops, public houses and restaurants.

There is one other scheme which I'm sure will interest you. Do you remember Castle Quays? Well, the Manchester Ship Canal Company is developing a mixed fashion and design centre on the site. I think this is one for the whole family! However, don't mention anything about it to your bank manager as I did the other day. It was very odd, his face went absolutely white and as he fell to the ground all I could hear him say was something about closing our joint account!

Yours ever  
Jimmy

James Grigor  
Chairman

## The Ideal City

As this letter isn't addressed to you, the reader, you might like to find out more about what the Central Manchester Development Corporation is doing to revitalise the heart of Manchester. Fill in this coupon and send it to:

Pamela Bishop,  
Marketing Msngr.,  
Central Manchester Development Corporation,  
Churchgate House, 56 Oxford Street,  
Manchester M1 6EU

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Company Name \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_ Tel.No. \_\_\_\_\_

## ASH & LACY

|                    | 1988  | 1987  |        |
|--------------------|-------|-------|--------|
| Profit before tax  | £4.9M | £4.1M | +18.7% |
| Earnings per share | 79.7p | 65.6p | +21.5% |
| Dividend per share | 36.0p | 30.0p | +20.0% |

1988 was another healthy year for Ash & Lacy.  
Return on shareholders' funds is at a record high.

David Fletcher  
Chairman

Galvanizers, metal perforators and expanders.  
Manufacturers of metal cladding and storage tanks.  
Non-ferrous metal stockholders.

**Smethwick, Warley, West Midlands.**

UK COMPANY NEWS

Friendliness pops up in international corporate affairs

Getting the structure correct was essential. Philip Coggan reports

THE COURSE of true corporate love never did run smooth. Merging together two companies the size of SmithKline Beecham and Beecham involves far more than just deciding that the businesses complement each other.

The structure of the combined group is vital in overcoming regulatory and legal problems and in persuading shareholders of both companies they are receiving maximum value, allowing for tax.

Friendly international mergers on the scale of the SmithKline/Beecham tie-up are still comparatively rare. When two parties and their advisers sat down to discuss how the combined company should be established, the most obvious examples were the Anglo-Dutch combines Unilever and Royal Dutch/Shell.

But those groups are essentially structured as two separate operating businesses with a small holding company. If SmithKline Beecham was to achieve real synergistic benefits, such a divided structure would be inappropriate.

Both sides are keen to argue that this is a merger, not a takeover, and a completely new company seemed to be the most convincing way of demonstrating the fact. Thus the decision to use "SmithKline Beecham" as the takeover vehicle, rather than have one company formally absorb the other.

The choice of location revolved around three options: the UK, the US and some "neutral" country. A third country was quickly ruled out as it was likely to complicate the tax positions of investors in both the UK and the US.

In the end the UK was chosen - perhaps because Beecham was effectively the stronger partner of the two, perhaps because the deal would be easier to sell to UK institutional investors, perhaps because of easier merger accounting treatment, perhaps because it kept the merged group within the confines of the European Community.

The principle behind the financial structure of the deal is to divide the new group's equity equally between SmithKline and Beecham shareholders. Unfortunately, the issue was complicated by the different tax needs of UK and US investors and by the desire of both companies to make disposals before the merger.

Under UK law, tax is automatically deducted from the dividend payment before it is sent to the investor. In the US, dividends are paid gross and investors taxed on the proceeds. If dividends were paid

The right chemistry to create a global force

Peter Marsh examines the proposed merger between Beecham and SmithKline Beckman

YESTERDAY'S merger agreement between Beecham of the UK and SmithKline Beckman of the US should produce "a major global force" in the healthcare industry, said Mr Bob Bauman, chief executive-designate of the new combined company.



Bob Bauman (left) and Hugh Colman

SmithKline Beecham, as the new company will be called, will have annual sales of about \$3.7bn, split roughly equally between prescription pharmaceuticals and general healthcare products.

The latter encompasses non-prescription or over-the-counter (OTC) medicines, animal health products, laboratory services and health-related consumer products including toiletries.

Under yesterday's agreement, which is subject to shareholder approval but which executives involved in the negotiations hope will be ratified by the summer, Mr Bauman will be responsible for the day-to-day operations of the new company.

Mr Bauman, a 58-year-old American, is currently chairman of Beecham, a job he took up nearly three years ago after a career mainly in marketing jobs in the US. He is credited with having achieved a turnaround at the British company, which encountered difficulties in the early 1980s.

Mr Henry Wendt, currently chairman of SmithKline Beckman, is to become chairman of the merged group. He will have a largely supervisory role.

As well as Mr Bauman and Mr Wendt, three others of the seven-strong upper management of the new group will be American, although it will have its headquarters in London. Beecham is providing four of the seven, with three from the US company. Mr Hugh Colman, finance director of Beecham, will become finance director of the new company.

As part of yesterday's announcement, Beecham said its estimated pre-tax profit for the year to March 31 was about \$492m, a 17 per cent increase on the \$419m made the previous year. This profit figure was arrived at on the basis of unaudited accounts for the 46 weeks ending February 17. Beecham is not due to produce its final figures for 1988 until June.

Earnings per share were, on this basis, roughly 33.7p (33.3p). Beecham also announced a second interim dividend of 2.7p per ordinary share, making a total dividend for the year of 16p. The dividend in 1988 was 14.3p.

Mr Bauman said he was confident the merged company would quickly produce financial results better than either of the two groups could attain separately. "We have a tremendous opportunity to learn from each other. The personal chemistry is right."

The new company will be the second biggest in the world's \$130bn-a-year prescription drugs business, after Merck of the US. It will also occupy number two position in the OTC industry, which is worth \$20bn a year and in which the top company is American Home Products.

SmithKline Beecham will become the fourth biggest business in the \$7.5bn-a-year animal health products sector. The leading companies in this field are Hoffmann-La Roche of Switzerland, France's Rhône-Poulenc and Pfizer of the US.

The existing operations of SmithKline and Beecham in scientific instruments, eyecare and cosmetics will not, under yesterday's plan, form part of the new combined group. These activities are either to be sold to outsiders or spun off to shareholders.

Unilever, the Anglo-Dutch foods and chemicals group, is thought to be a leading contender to buy the Beecham cosmetics business, which is reckoned to be worth about \$500m. Mr Bauman said yesterday

the new group would achieve considerable economies of scale by putting together the research and development (R&D) and marketing staffs of the two separate companies.

There would be some 5,000 people in pharmaceuticals R&D, with an annual budget of about \$300m, putting the new group in the top five in the industry in research spending.

A combination of the two companies' marketing forces would give a total of 6,000 pharmaceutical salesmen. Of these people, whose main job is to convince doctors of the value of their company's products, 2,800 will be in Europe, 1,000 in the US and 500 in Japan.

Mr John Chappell, who is to become chairman of the prescription-pharmaceuticals division of the new company and who is currently head of SmithKline Beecham's drug business, said he "felt wonderful" about the prospects for the merged group.

It emerged yesterday that Mr Bauman and Mr Wendt started serious merger talks soon after the two men met for the first time last summer.

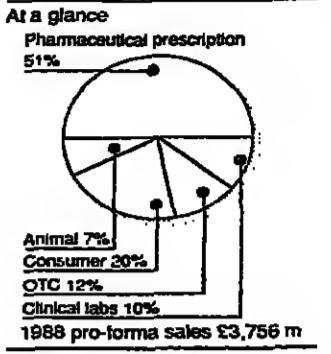
They had met initially to discuss cross-licensing of each other's products. But then both sides realised they could gain from a more formal combination, executives said yesterday. Mr Chappell denied yesterday

that SmithKline's interest in the merger had been prompted by the rumoured threat in recent months of a rival drugs company mounting a takeover bid for SmithKline.

In the past two years, many drugs industry observers have criticised what they see as SmithKline's lacklustre commercial performance. Much of this has concerned lower-than-expected sales of Tagamet, a SmithKline ulcer drug which in the early 1980s had been thought of as one of the drug industry's most exciting products.

Mr Chappell said the criticism had not necessarily been unjust but that Tagamet was still a very good product for the merged group.

SmithKline Beecham



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# Who says 1988 didn't finish sunny side up?

In a year of mixed fortunes for some, 1988 has finished on a high note for Sun Life. The annual results prove as much.

Total profit after tax from our three life companies is an impressive 276% to £23.6 million.

Again, the surplus from Sun Life Assurance Society provided the biggest contribution: a 23% increase to £12.2 million.

Sun Life Pensions Management, however, has an unchanged surplus of £3.2 million due to the inevitable strains associated with the huge rush of new business written in 1988.

On the other hand, the surplus of Sun Life Unit Assurance, our unit-linked life subsidiary, is up to £3.2 million from £1.3 million in 1987.

It would have been a brilliant year all-round had it not been for the difficult investment climate of 1988 casting a shadow over the unit trust industry as a whole.

Along with many others, Sun Life Trust Management experienced difficulties, but positive action has been taken and things are brightening up already.

So, for the most part, a very sunny picture.

The overall effect is that profit on ordinary activities after tax is up 11% to £23.2 million.

And out of that net profit we have been able to raise dividends for the year by 15%.

The future looks bright too, with plans to expand into continental Europe advanced by our strategic linkage with UAR, one of Europe's largest insurance companies.

Along with dividends and post-tax profits, there are two other bright spots which can't be ignored.

The distribution of bonuses to policyholders is at a remarkable £174 million, yet another record, and up by 23% on 1987.

Lastly, funds under management at the end of 1988 stand at \$6.7 billion, an excellent rise of 16%.

So yes, all in all we think we can say that 1988 finished sunny side up for Sun Life and we have every reason to be optimistic for 1989.

**SUN LIFE**

The 1988 Report and Accounts of one of Britain's most consistently successful financial services groups, is now available. For your copy, please contact Sun Life Assurance Society plc, on Fretton, 01-408 7788, or write to 107 Chiswick, London EC27 6DU.

Sema shares rise 31p after foray in market

By John Riddling

SHARES IN Sema Group, the Franco-British computer services company, yesterday rose 31p to 31p following an attempt by Barclays de Zoete Wedd to acquire 4.5 per cent of the shares at 31p each.

BZW said that it was acting on behalf of a client which it refused to name. However it was almost certainly acting for Cap Gemini Societe, the French software house which held a stake of 20.1 per cent in Sema prior to yesterday's attempted purchase. It is believed that the attempt was unsuccessful.

Mr Philip Gregory, Sema group finance director, said that the company has asked CGS to confirm if it was behind the action.

Analysts believe, however, that there is little immediate prospect of CGS bidding for Sema because of the influence and inclinations of Sema's large institutional investors. Banque Paribas holds 32.9 per cent of the shares, and the British Coal Board, Credit Agricole, Scottish Amicable and Schneider together hold another 15.3 per cent.

While there is no guarantee that these institutions are friendly, they all, with the exception of Schneider and Scottish Amicable, hold seats on Sema's board and were involved in the management restructuring towards the end of last year.

Analysts were also puzzled by the timing of the move given that the shares were just over 250p in the middle of January. They were also impressed by the fact that a 10 per cent premium apparently failed to win the desired 4.5 per cent.

Given these considerations, analysts said that CGS was probably adopting a long-term strategy in the hope that institutional support for Sema may weaken.

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## PRELIMINARY ANNOUNCEMENT

Year ended 31st December 1988

### Financial Highlights

|                        | 1988    | 1987    | increase |
|------------------------|---------|---------|----------|
|                        | £m      | £m      |          |
| TURNOVER               | 2,065.0 | 1,788.7 | 15%      |
| PROFIT BEFORE TAXATION | 205.9   | 150.7   | 37%      |
| EARNINGS PER SHARE     | 58.4p   | 42.1p   | 39%      |

**Proposed final dividend of 9.9p (1987 7.5p) making an increase for the year of 32%**

The 1988 Annual Report will be posted to shareholders on 28th April 1989. To reserve a copy, telephone 01-890 1313

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## UK COMPANY NEWS

# Polly Peck just exceeds forecast

By Vanessa Houlder

**POLLY PECK International, agricultural, electronics and textiles group, yesterday announced pre-tax profits of £144.1m for the 16 months to December 31. The result narrowly beat the profits forecast of £142.5m that accompanied the £133m rights issue last October.**

In 1988, the group made pre-tax profits of £112.2m on sales of £761m, compared with £86.2m and £580m for the year to the end of August 1987.

In the 16 month period, turnover was £967m, of which 55 per cent came from acquisitions.

Mr Asil Nadir, chairman said the results were "wholly satisfactory". The group would continue to try to raise the quality of earnings and to reduce dependence on any single geographical location, he said.

He claimed that the company had become one of the top three European distributors of fresh produce and was one of Europe's largest television manufacturers.

The divisional profit comparisons between 1988 and the year to the end of August 1987 was as follows: food £88.1m (£72.6m); electronics £19.3m (£9.3m) and textiles £4.8m (£4.3m).

Expansion will be concentrated on Europe, North America and the Far East. At present, the US, the Middle and Near East, and Europe account for about 20 per cent, 33 per cent and 40 per cent of sales respectively.

The Russell Hobbs business that was bought from TI two years ago made a loss. Following reorganisation and the introduction of new products, it is expected to make a profit this year.

Mr David Fawcus, finance director, said that the group had made substantial progress in its goal of increasing its equity base, improving its debt profile and reducing its borrowing costs. Interest cover had increased to 12.3 times.

Fully diluted earnings per share for 1988 were 41.8p (1987-



Asil Nadir, one of Europe's largest television makers.

and agricultural business. The fresh produce business has been vastly strengthened by the geographical expansion of its marketing and sourcing operations.

Meanwhile the company's electronics production is increasingly flexible and competitive, which helps temper the concern stemming from the prospect of a slow down in consumer spending. But whatever its achievements, Polly Peck still has some way to go before it wins the public relations battle.

The predictability of this set of results combined with a slightly uninspiring presentation left the shares down 2p to 380p. Nor is there likely to be much activity in the shares until the report and accounts are out of the way. The balance sheet is not expected to be a cause for concern but the City's caution shows that the company has not entirely put its reputation for nasty surprises behind it. Pre-tax profits of £144m are expected this year which puts the shares on a unexciting prospective price of 7.

# Ocean Sound calls for £4.2m via rights

By Nikki Tall

**OCEAN SOUND, an unquoted BES company which operates the independent local radio service in Portsmouth and Southampton, is raising £4.2m via a one-for-two rights issue at 800p a share.**

The issue has been underwritten by Crown Communications Radio, which already holds a 9.9 per cent interest in Ocean Sound. Haymarket Publishing Services, with 11.9 per cent, although neither will end up with over 29.9 per cent of equity.

The company says it plans to invest up to £1.4m in developing facilities over the next year, and believes "there will be considerable opportunities for the company to expand through acquisitions and ventures in other parts of the UK broadcasting sector". It is also looking at European opportunities.

In connection with the rights issue, Ocean is providing a facility whereby shareholders can sell their shares, with the accompanying rights to new shares, at 800p a share.

## FSM acquisitions

**Ford Sellar Morris Properties has bought a portfolio of nine investment properties from the National Provident Institution for £13.15m.** The portfolio is a mixture of retail, office and industrial investments with annual income in excess of £760,000.

FSM has also acquired two estates from Local London Properties for £11.2m.

# Edelman in Storehouse attack

By Maggie Urry

**MR ASHER Edelman, the American arbitrator who heads a group of investors with a 7.3 per cent stake in Storehouse, attacked the company's month-old property joint venture saying it reduced the value of the retail group.**

Storehouse rejected Mr Edelman's arguments. Mr Michael Julien, Storehouse's chief executive, said: "There can be no question of Storehouse losing out."

Storehouse set up the joint venture with London & Edinburgh Trust, the property and financial services group run by brothers John and Peter Beckwith. Storehouse agreed to sell £120m worth of its properties, mainly BHS stores, to the 50-50 owned company, Oppidan Estates. LET put in £50m worth of properties. Storehouse will continue to run the shops, paying rent to Oppidan.

Mr Edelman, who was in London yesterday having discussions with BZW, his

adviser, said he had examined the contract between Storehouse and LET as part of his research into Storehouse prior to deciding whether or not to bid for the group.

He argued that the contract revealed four aspects to the deal which he believed reduced shareholder value.

- Storehouse will lose half the development potential of the sites put into the joint venture;
- Oppidan has options to buy space contiguous to the sites in the deal;
- Under certain circumstances Oppidan has the option to buy any space Storehouse vacates;
- LET has the option to buy Storehouse's stake in Oppidan at asset value if there is a change of control of Storehouse.

Mr Edelman said this was a "poison pill" designed to deter a bidder. The stake in Oppidan ought to attract a premium to net asset value if it were sold,

he suggested.

Mr Julien said: "The Oppidan Estates deal is an excellent one for Storehouse shareholders. It is in no sense a poison pill," he added. The deal had, he said, increased Storehouse's net worth and improved its liquidity.

"The terms of the deal require Oppidan to pay Storehouse the full market price for all properties that are transferred," he said. The number of properties covered by the pre-emption rights was small, he said.

"The change of control clause was a perfectly standard one based on net asset values", Mr Julien said.

Mr Edelman refused to be drawn on the chances of a bid or its timing. He did say that the unnamed international retailer he had brought on board to run Storehouse in the event of a successful takeover was already working at BZW's offices.

# Helene profits static at £2.2m

**Taxable profits at Helene, the clothing manufacturer and distributor, were virtually static at £2.17m in 1988. The figure was struck, however, after an exceptional debit of £831,000 relating to losses sustained by a subsidiary, since discontinued.**

Mr Montague Burkeman, chairman, said the balance sheet remained strong with year-end net liquidity of £1.8m.

Turnover was £41.55m (£34.46m). Earnings were 2.5p (3.2p) and the final dividend is raised to 1.34p, bringing the total to 1.79p (1.83p).

## UK ECONOMIC INDICATORS

| Year         | Ind. prod. | Eng. output | Retail sale vol. | Retail trade | Unempl. % | Wage  |
|--------------|------------|-------------|------------------|--------------|-----------|-------|
| 1987 4th qr. | 108.9      | 108.4       | 108.1            | 108.3        | 10.8      | 108.1 |
| 1988 1st qr. | 107.7      | 110.8       | 111.1            | 106.3        | 10.8      | 108.3 |
| 2nd qr.      | 108.3      | 112.4       | 111.2            | 107.8        | 10.8      | 108.3 |
| 3rd qr.      | 110.1      | 118.2       | 111.3            | 108.2        | 10.8      | 108.3 |
| 4th qr.      | 110.8      | 117.8       | 111.4            | 108.2        | 10.8      | 108.3 |
| April        | 108.7      | 111.9       | 111.3            | 108.2        | 10.8      | 108.3 |
| May          | 112.2      | 114.3       | 111.3            | 108.2        | 10.8      | 108.3 |
| June         | 108.9      | 112.1       | 111.2            | 108.2        | 10.8      | 108.3 |
| July         | 110.8      | 112.7       | 111.2            | 108.2        | 10.8      | 108.3 |
| August       | 110.7      | 116.3       | 111.2            | 108.2        | 10.8      | 108.3 |
| September    | 111.2      | 116.2       | 111.2            | 108.2        | 10.8      | 108.3 |
| October      | 110.6      | 115.2       | 111.2            | 108.2        | 10.8      | 108.3 |
| November     | 111.5      | 112.2       | 111.2            | 108.2        | 10.8      | 108.3 |
| December     | 110.4      | 117.3       | 111.2            | 108.2        | 10.8      | 108.3 |
| 1989 January | 109.1      | 118.5       | 111.2            | 108.2        | 10.8      | 108.3 |
| February     | 108.1      | 118.5       | 111.2            | 108.2        | 10.8      | 108.3 |

**OUTPUT:** By market sector: consumer goods, investment goods, intermediate goods (metals and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

| Year         | Consumer goods | Invest. goods | Intmd. goods | Eng. output | Metals mfg. | Textiles mfg. | Hous. starts |
|--------------|----------------|---------------|--------------|-------------|-------------|---------------|--------------|
| 1987 4th qr. | 108.9          | 108.8         | 108.8        | 107.4       | 112.0       | 103.4         | 17.9         |
| 1988 1st qr. | 108.5          | 108.1         | 107.8        | 107.3       | 111.5       | 103.6         | 20.2         |
| 2nd qr.      | 111.4          | 107.2         | 108.6        | 107.8       | 110.9       | 103.2         | 22.2         |
| 3rd qr.      | 112.7          | 114.8         | 108.2        | 111.3       | 112.3       | 102.1         | 20.4         |
| 4th qr.      | 114.9          | 115.8         | 107.4        | 111.2       | 112.5       | 102.5         | 19.4         |
| April        | 110.7          | 108.0         | 107.8        | 107.6       | 109.2       | 102.0         | 20.0         |
| May          | 111.9          | 111.2         | 106.9        | 112.0       | 111.0       | 101.0         | 22.5         |
| June         | 112.5          | 112.4         | 108.2        | 111.0       | 110.0       | 101.0         | 20.0         |
| July         | 112.5          | 112.4         | 108.2        | 111.0       | 110.0       | 101.0         | 20.0         |
| August       | 112.5          | 112.4         | 108.2        | 111.0       | 110.0       | 101.0         | 20.0         |
| September    | 114.1          | 113.1         | 107.3        | 111.0       | 110.0       | 101.0         | 20.0         |
| October      | 114.0          | 113.3         | 107.5        | 111.0       | 110.0       | 101.0         | 20.0         |
| November     | 115.4          | 115.4         | 107.8        | 111.0       | 110.0       | 101.0         | 20.0         |
| December     | 115.5          | 115.9         | 108.3        | 111.0       | 110.0       | 101.0         | 16.1         |
| 1989 January | 118.2          | 114.4         | 104.2        | 111.0       | 110.0       | 101.0         | 18.5         |
| February     | 118.2          | 114.4         | 104.2        | 111.0       | 110.0       | 101.0         | 18.5         |

**EXTERNAL TRADE:** Indices of export and import volumes (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

| Year         | Export volume | Import volume | Oil balance | Current balance | Oil terms | Reserve |
|--------------|---------------|---------------|-------------|-----------------|-----------|---------|
| 1987 4th qr. | 111.3         | 120.8         | -8,290      | -1,968          | +1,079    | 97.9    |
| 1988 1st qr. | 109.3         | 119.8         | -6,974      | -2,835          | +1,790    | 97.9    |
| 2nd qr.      | 111.4         | 127.7         | -4,428      | -3,815          | +2,165    | 102.0   |
| 3rd qr.      | 108.2         | 124.7         | -5,763      | -3,724          | +1,810    | 98.3    |
| 4th qr.      | 108.8         | 128.6         | -4,291      | -6,091          | +340      | 96.8    |
| April        | 110.7         | 126.0         | -4,287      | -5,284          | +2,280    | 97.8    |
| May          | 108.2         | 127.3         | -4,715      | -4,038          | +2,271    | 98.2    |
| June         | 111.9         | 111.2         | 106.9       | -110            | 107.0     | 98.8    |
| July         | 112.5         | 112.4         | 108.2       | -910            | 107.0     | 98.8    |
| August       | 112.5         | 112.4         | 108.2       | -910            | 107.0     | 98.8    |
| September    | 114.1         | 113.1         | 107.3       | -1,199          | 111.0     | 98.8    |
| October      | 102.7         | 108.8         | -3,868      | -2,528          | +1,407    | 97.8    |
| November     | 107.1         | 121.8         | -8,221      | -4,686          | +1,161    | 97.8    |
| December     | 103.1         | 133.8         | -1,793      | -1,283          | +141      | 96.7    |
| 1989 January | 114.5         | 148.1         | -8,298      | -1,820          | +103      | 100.3   |
| February     | 104.6         | 138.9         | -8,195      | -1,890          | +118      | 100.0   |
| March        | 104.6         | 138.9         | -8,195      | -1,890          | +118      | 100.0   |

**FINANCIAL:** Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

| Year         | M0 % | M1 % | M3 % | Bank lending | BS inflow | Consumer credit | Base rate % |
|--------------|------|------|------|--------------|-----------|-----------------|-------------|
| 1987 4th qr. | 4.9  | 22.2 | 22.5 | +11,282      | 8,007     | +988            | 8.50        |
| 1988 1st qr. | 6.2  | 20.8 | 22.0 | +13,993      | 3,061     | +985            | 8.50        |
| 2nd qr.      | 6.6  | 18.8 | 20.4 | +15,340      | 6,173     | +815            | 8.50        |
| 3rd qr.      | 7.7  | 17.9 | 22.7 | +15,740      | 3,162     | +1,092          | 11.50       |
| 4th qr.      | 7.4  | 20.0 | 20.2 | +13,379      | 3,188     | +673            | 12.75       |
| April        | 6.4  | 20.0 | 19.0 | +12,788      | 1,299     | +1,284          | 12.50       |
| May          | 7.3  | 18.8 | 20.4 | +14,488      | 1,298     | +429            | 9.50        |
| June         | 8.0  | 18.1 | 21.1 | +14,192      | 1,382     | +945            | 10.00       |
| July         | 7.6  | 19.8 | 20.8 | +12,714      | 1,770     | +471            | 12.00       |
| August       | 8.8  | 17.3 | 22.7 | +14,879      | 692       | +102            | 12.00       |
| September    | 8.0  | 16.1 | 21.1 | +14,192      | 1,382     | +945            | 10.00       |
| October      | 7.7  | 19.7 | 19.8 | +14,233      | 1,283     | +116            | 12.00       |
| November     | 7.5  | 21.1 | 22.1 | +14,788      | 1,299     | +382            | 12.00       |
| December     | 7.7  | 14.5 | 21.5 | +1,798       | 818       | +233            | 13.00       |
| 1989 January | 7.2  | 11.4 | 21.2 | +14,890      | 794       | +224            | 13.00       |
| February     | 6.6  | 12.6 | 22.2 | +2,284       | -         | +264            | 13.00       |
| March        | 6.6  | 12.6 | 22.2 | +2,284       | -         | +264            | 13.00       |

**INFLATION:** Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (1987=100); Reuters commodity index (Sept 1991=100); trade weighted value of sterling (1975=100)

| Year         | Earnings | Basic matls. | Wholesale mfg. | RPI   | Food  | Reuters comd. | Sterling |
|--------------|----------|--------------|----------------|-------|-------|---------------|----------|
| 1987 4th qr. | 120.5    | 96.4         | 108.9          | 105.3 | 101.7 | 1,083         | 74.8     |
| 1988 1st qr. | 121.5    | 95.9         | 111.0          | 103.7 | 103.5 | 1,147         | 75.3     |
| 2nd qr.      | 124.8    | 97.8         | 112.8          | 102.2 | 104.7 | 1,077         | 71.8     |
| 3rd qr.      | 127.5    | 96.8         | 113.9          | 106.8 | 104.7 | 1,052         | 73.8     |
| 4th qr.      | 131.1    | 100.1        | 113.0          | 108.8 | 105.7 | 1,087         | 77.8     |
| April        | 128.9    | 99.5         | 115.2          | 108.8 | 105.7 | 1,087         | 77.8     |
| May          | 128.9    | 99.5         | 115.2          | 108.8 | 105.7 | 1,087         | 77.8     |
| June         | 128.9    | 99.5         | 115.2          | 108.8 | 105.7 | 1,087         | 77.8     |
| July         | 128.9    | 99.5         | 115.2          | 108.8 | 105.7 | 1,087         | 77.8     |
| August       | 128.9    | 99.5         | 115.2          | 108.8 | 105.7 | 1,087         | 77.8     |
| September    | 128.9    | 99.5         | 115.2          | 108.8 | 105.7 | 1,087         | 77.8     |
| October      | 128.9    | 99.5         | 115.2          | 108.8 | 105.7 | 1,087         | 77.8     |
| November     | 131.2    | 98.8         | 116.2          | 110.0 | 105.7 | 1,208         | 77.1     |
| December     | 133.7    | 102.5        | 116.4          | 112.3 | 105.8 | 1,208         | 77.9     |
| 1989 January | 131.7    | 104.0        | 116.4          | 111.0 | 107.4 | 1,289         | 79.0     |
| February     | 131.9    | 101.9        | 116.3          | 111.3 | 107.7 | 1,284         | 87.4     |
| March        | 131.9    | 101.9        | 116.3          | 111.3 | 107.7 | 1,284         | 87.4     |

# Enlarged Mecca makes £30.3m

By Andrew Hill

**MECCA LEISURE Group, which last year won a £70m bid for Pleasurama, yesterday announced pre-tax profits of £30.3m for the 15-month period to December 31.**

Mecca has changed its year-end to fit in with Pleasurama, which is three times the size of the original bingo, holiday camp and nightclub group, and the figures include a two-month contribution from Pleasurama's casino and catering businesses.

In the 12 months to the end of 1987, the original group made £14.9m before tax. Mecca recommended a final dividend of 1.2p, giving a total of 5.7p for the 15-month period, 25 per cent up on 1987, if adjusted to account for the different reporting periods. Earnings rose from 12.5p to 14.3p. The profits were boosted by a £24.4m (£900,000) profit on

property sales, which the group said would be a continuing feature.

At the trading level, holidays made £8.1m and general leisure - including the bingo and nightclub operations - £17.9m. The enlarged catering and character hotels division returned trading profits of £2m. Pleasurama's casinos made £2.4m, an its gaming machine arm £2.2m. Other activities contributed trading profits of £1.6m.

**COMMENT**  
City reaction to the 15-month results was a strange mixture of irritation and expectation. Analysts were annoyed that Mecca fell short of their forecasts without some prior warning, but they are not reading disaster into figures which represent a short period in the aftermath of an exhausting bid

battle. The question now is not whether Mecca and Pleasurama can prove they are a mighty combination, but when 1989 will probably be a year of consolidation: £94m has been set aside for capital expenditure, and the opposite pulls of cash generation and high interest rates will keep gearing stable at 80 per cent. That is higher than many observers would have wished - none of the expected major disposals has taken place - but prospective interest cover of 3.5 times for the year is healthy enough. If property sales continue to generate profits - then between £100m and £105m before tax seems a reasonable forecast for the year. That would put the shares on a prospective



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE 156TH ANNUAL GENERAL MEETING OF FRIENDS' PROVIDENT LIFE OFFICE will be held at GLAZIERS HALL, 9 MONTAGUE CLOSE, LONDON BRIDGE, SE1 9DD, ON WEDNESDAY 10TH MAY 1989, at 2.30 p.m. to transact the following business:-

- 1. To receive the Accounts and Balance Sheet for the year ended 31st December 1988 and the Reports of the Directors and Auditors thereon.
2. To re-elect as Directors of the Office the following Directors, who retire by rotation:
Sir Arthur Bryan
Michael Hobbs
Sir Anthony Touche Bt.
Lyn Wilson

By Order of the Directors, B. W. SWEETLAND, Secretary.

NOTES

- (a) A member is entitled to appoint another person (who need not be a member) to attend the above meeting and vote instead of him.
(b) To be valid the instrument appointing a proxy, which should be as near to the form set out in rule 30 of the Rules of the Office as circumstances admit, and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at Pixham End, Dorking, Surrey, RH4 1QA, not less than forty-eight hours before the time fixed for holding the meeting, or adjourned meeting, or in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll.

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UK COMPANY NEWS

Higgs & Hill surges 45% to £25m

By Andrew Taylor, Construction Correspondent

THE CURRENT round of very good results from British construction companies continued yesterday when Higgs & Hill yesterday announced a 45 per cent rise in pre-tax profits to £25.0m during the year to the end of December.

Turnover last year increased by 28 per cent from £267.1m to £342.5m. Earnings per share rose by 41 per cent from 31.9p to 45p.

Housebuilding and commercial property made the biggest contribution to profits growth last year. Housebuilding is thought to have provided over half of last year's profit based on 550 sales at an average price of £110,000.

Property and housebuilding together is thought to have provided more than two-thirds of total profits. The group, however, expects to provide a profits breakdown.

Higgs & Hill last year built about 45 per cent of its homes in south east England and 40 per cent in eastern England, from the River Thames north as far as Colchester. The remaining 15 per cent was built in the south west.

These are currently among the weakest housing markets in the country. Sir Brian Hill, chairman and chief executive, said however that he was satisfied with the level of sales and enquiries so far this year.

He said the group expected to at least match last year's sales, provided interest rates did not increase further or the economy worsen.

"Our market remains in the middle price range where we believe the levels of disposable income and inherited capital are strong factors in determining demand," said Sir Brian. Commercial property profits rose sharply in the UK and in France. The group is poised to start its first developments in Spain and the Netherlands.

Profits from property disposal as part of a rationalisation of the group's investment portfolio had been included in below the line extraordinary item of £4.5m (£2.4m).

UK contracting profits, despite a big increase in workloads last year, had remained relatively flat although better margin business was during the past 12 to 18 months should soon start flowing through in improved profits.



Brian Hill satisfied with level of sales and enquiries

A final dividend of 9p (9p) makes a total of 12p (9p) for the year.

COMMENT

The lack of a profits breakdown from Higgs & Hill makes it difficult to assess prospects. Clearly a lot of last year's growth will have come from a UK housing market which overheated last year and is now moving into reverse. Higgs & Hill, which has a high quality handbank much of it secured cheaply, will find it easier to sustain sales than larger volume builders which this week reported that sales in southern England had fallen by between 20 per cent to 30 per cent in the first three months of this year.

Higher prices last year will continue to assist housing profits while contracting should receive a boost from higher margin work last year. Property profits from both sides of the Channel should remain strong. A prospective pe of about 7.5 on pre-tax profits of £28m therefore looks a little cheap but is unlikely to change while worries about housing persist.

BMP attacks financing of BDDP's bid

By Nikki Tait

BOASE MASSIMI Pollitt, the UK advertising agency and marketing services company, yesterday hit back at its French predator, the smaller Boulet Du Puget Petit agency group, claiming that both its clients and employees found the £103m offer unwelcome. It also questioned the bidder's financing arrangements.

In its first formal defence document, BMP said that a MORI poll conducted among its full staff indicated "strong opposition" to the French bid.

The poll, which saw responses from 700 out of 1,000 employees, suggested that only 7 per cent of the staff were in favour of the current bid. Some 27 per cent said they tended to be opposed, while 25 per cent said they were strongly opposed. Just under one-third had no opinion at this stage.

Almost two-thirds of the staff felt that BMP's clients' interests would be best served by BMP developing its own European partners.

In the document, BMP also reiterated its claims - this

time accompanied by the publication of letters from four clients - that the circumstances of a contested bid put client business at risk.

BMP went on to argue that BMP was in "a strong position to develop profitably without BDDP", and maintained that two potential, but unnamed, partners had been found which could meet its, and its clients', needs for pan-European coverage.

It sharply criticised the soundness of BDDP's financing arrangements for the bid, which depend on a mixture of new equity, mezzanine finance, a revolving credit facility and a loan facility. In particular, BMP contended that a successful offer would leave BDDP in breach of at least two covenants - concerning interest and cashflow cover - in its various loan agreements.

Given that the offer of 300p a share is in cash, BMP and its advisers acknowledged that this may be of limited interest

to shareholders. Nevertheless, directors of the British company are going to Paris today to see some of BDDP's banking backers.

A similar type of defence was employed by Dee Corporation when fighting a leveraged bid from Barker & Dobson in 1987/8, and such attacks on a financing package's tightness may be seen as an attempt to restrict the predator's ability to increase its terms.

With regard to the £115.6m financing package, the BMP camp maintained that on certain future profit assumptions for the two groups, the covenants concerning interest cover could be broken in the first two years and the cashflow cover limit in the first five years of the main seven-year loan agreement.

It made the claim on the basis that the cost of the bid, including share options, was £104.7m, on top of which BDDP would have to refinance £8m of existing BMP debt. BDDP, it

has calculated, would then face £5.4m of "earn-out" payments in the period to end-1989 and a peak working capital requirement of \$7m.

It pointed out that the contention that the covenants would be breached assumes no clients are lost as a result of the takeover. If clients were lost, which seems likely, the financial position would be considerably worse, it suggested.

Yesterday however, Chartered BDDP's adviser, said it was not true that there would be any breach. BDDP, it added, had made provision for all the capital requirements of the businesses. A statement from BDDP accused BMP of seeking to unsettle staff, while failing to explain its lack of development in Europe.

BMP's defence document added that its figures for the year to the end of March would be sent out "in due course".

Porter Chadburn in US move

By Andrew Hill

MR RAY DINKIN, who joined Porter Chadburn as chairman and chief executive from Scott Paper, has begun to act on his ambition to build up the group's paper and packaging arm.

Porter - a specialist distribution and consumer products company - is to buy Lord Label Group of the US, a supplier of self-adhesive printed labels, for an initial \$12.5m (£7.4m). At the same time the company is launching a £11.9m one-for-three rights issue aimed at reducing overall borrowings and funding the group's growth strategy, initiated when Mr Dinkin took the helm two years ago.

Mr Dinkin said that Porter, which already has a small plas-

tic packaging operation, had wanted to strengthen the quality of its earnings and its balance sheet before moving wholeheartedly into packaging activities.

He added that he hoped to double Porter's size within two years through acquisition and organic growth. As well as the initial \$12.5m for Lord Label, Porter will pay another \$1.5m over a four-year period. The UK group will borrow \$11m in the US - to minimise its exposure to exchange rate fluctuations - and the balance will be paid in shares. Further cash payments up to \$21m may be made, depending on profits in the years to March 1993. The US vendors have guar-

anteed that Lord Label will make at least \$2.6m in the year to March 31 1989, and have net assets of \$7m. In the previous year, turnover was \$36.3m.

Porter shareholders are being offered one new ordinary share for every three held, or eight ordinary shares for every 15 convertible preference shares, on the basis of 89p per share. That compares with yesterday's close of 104p, down 3p. The issue should broaden Porter's shareholder base. G M Firth (Holdings), the quoted steel stockholder which once held 64 per cent of Porter, is allowing its stake to be diluted from 30 per cent to 13 per cent, and Charterhouse Bank's stake will come down from 8 per cent to 5 or 6 per cent.

COMPANY NEWS IN BRIEF

BRISTAR GROUP, the food and agri-business division of Berisford International, has acquired Scotia Brock Foods for a sum to be determined. Scotia prepares, packs and distributes dried fruit and pulses and made a pre-tax profit of \$0.8m in the year to September 3 1988 on £21.6m turnover. BROOKS SERVICE Group has purchased Bowling Park Services, a Bradford-based workwear company, for \$800,000. The company will join Brooks' textile rental division. BPS achieved pre-tax profits of \$22,000 on turnover of \$915,000 in its last financial year. IN SHOPS has moved into ser-

vediced office accommodation with the purchase of Warwick Executive Services. Initial consideration is £850,000 and the maximum £2.05m depending on profitability, all in shares. Vendors warrant at least £100,000 profit for year to August 30 1989. MIDSUMMER LEISURE has purchased Tempsure, trading as BT Newton and Co. Midsummer will issue 74,106 ordinary shares as part of the consideration of \$502,000. A further amount up to £150,000 is payable over two years dependent on future profits. Net assets being acquired are £170,000. RATCLIFFS (Great Bridge);

£12.54m buy-in by Savern declared unconditional after having received acceptances in respect of 88.06 per cent of the ordinary shares offered. First and Second preference offers accepted in respect of 12.06 per cent and 25.52 per cent respectively. Buy-in organised by Grosvenor Venture Managers, whose chairman, Mr David Beattie, is also a director of Savern and will join the board of Ratcliff. GEN AUTOPARTS, an Australian subsidiary of GEN, has purchased a Sydney-based autoparts business called B and R Brake from Hynon Pty. for A\$3.25m.

SHARE STAKES

African Lakes Corporation - Mars Security now holds 288,482 ordinary shares in company representing 5.35 per cent of the current issued share capital. Remover Drace - On April 7 Mr A R Shaw, a director, acquired 50,000 ordinary (0.82 per cent). His holding is now 636,201 (10.33 per cent). The

shares are registered in the name of A R Shaw - 393,500; director's wife - 20,000; Central and Metropolitan Estates (a company jointly owned by A R Shaw and SA Parnes), another director of the company - 153,701; trustees of Central and Metropolitan Estates Retirement Benefits Scheme (of which A R Shaw

and SA Parnes are two of the trustees and sole members) - 69,000. Sunset & Vine - CA Frewin, chief executive, has increased his beneficial holding to 2.4m ordinary (51.91 per cent) with the purchase of 25,000. Toys & Company - Saxonbest and associates has 141,500 shares (6.3 per cent).

NORWAY

The Financial Times proposes to publish a Survey on the above on May 2nd 1989. For a full editorial synopsis and advertisement details, please contact: Chris Schaanning on 01-873 3699 or Gillian King on 01-873 4823 or write to them at: Number One, Southwark Bridge London SE1 9HL. FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

ICI to restructure can coatings side

By Ian Hamilton Fazay, Northern Correspondent

ICI PAINTS yesterday announced that it is restructuring its worldwide can coating businesses into a single packaging group to strengthen its technical and commercial power and bid for 40 per cent of the global £300m high technology can market.

The company at present has about 28 per cent and already claims world leadership. Mr Quintin Knight, director in charge of the initiative, said: "We don't know much, but it's going to cost us many millions of pounds. Our present share is based on sound technology. We shall be stepping up research into basic, high-polymer inks and how to develop this for the canning industry. We shall be doing research on the ground in south east Asia and refurbishing in Europe."

ICI will open a new can coatings factory in Thailand within six months and is at present deciding whether to site a large research and development department in Singapore or Malaysia to service rapidly growing Asia-Pacific markets. The company already manufactures in Australia, Taiwan and Malaysia.

The new group will allow easier technology transfer around the world, uniting 11 different major coatings companies which ICI has acquired over the years. These include Birmingham-based Holden Surface Coatings and Edward Marsden - a specialist metal decorating ink supplier - in the UK, Wiederhold in West Germany and Activac in Italy. Holden Europe operates in France, and ICI Paints Espana in Spain.

In the US, ICI leads through Glidden, acquired in 1986, and which has more than 80 per cent of the North American market for coating the insides of beer and beverage cans with corrosion-resistant lacquers. The driving force behind

ICI's new initiative is globalisation by canning plants wanting consistency of international supply.

The key to successful canning is the thin layer of inert lacquer which separates can from contents. This helps ensure that globally marketed products such as Coca Cola or Castlemaine XXXX taste the same wherever they are bought in the world.

In the US, Glidden had already developed a water-based lacquer before ICI bought the company from Hanst. This quickly won market share over solvent-based lacquers, which pollute the atmosphere as they dry in can manufacturing plants.

ICI is now working on transferring Glidden's technology from the aluminium cans which dominate in the US to the steel and tinplate ones which are still the most widely used in Europe.

Holden is also developing its adhesives and coatings business for the flexible packaging industry.

ICI Paints is world leader in the £20bn paints and coatings market, manufacturing in 29 countries, with licensing agreements in another 14, including Japan. About half its coatings are decorative, notably the Dulux brand, but the rest are high technology industrial products.

Vistec

Vistec, the USM-quoted computer services and supplies group, said that it would lapse its offer for DDT Group after it closes on April 13. A rival bidder, Aprioit, has subsequently emerged. Aprioit's revised terms have been recommended by the DDT board.

BOARD MEETINGS

Table listing board meetings for various companies including Abbey, BHP, British Airways, etc., with dates and times.

GRANVILLE SPONSORED SECURITIES

Table listing securities with columns for High/Low, Company, Price, Change, Div, Yield, etc.

Securities designated as US and ADR are dealt in the rules and regulations of the Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA.

Granville & Co. Ltd., 1 Lovell Lane, London EC8R 5BP. Telephone 071-234 4444. Member of the Stock Exchange & TSA.

NOTICE OF REDEMPTION To the Holders of Ford Motor Credit Company Floating Rate Notes due November 1991

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Financial Agency Agreement dated 29 November 1988 between Ford Motor Credit Company (the "Company") and The Chase Manhattan Bank, N.A. (the "Financial Agency") all of the Company's Floating Rate Notes due November 1991 (the "Notes") will be redeemed on May 16, 1989 (the "Redemption Date") at a redemption price of 100% of the principal amount thereof (the "Redemption Price") together with accrued interest to the Redemption Date. The Redemption Price will become due and payable upon each Note on the Redemption Date and on and after such Redemption Date interest on the Notes will cease to accrue. Payment of the Redemption Price will be made upon presentation and surrender of the Notes, together with all appropriate documents relating to the redemption of the Notes, to any of the following paying agencies:

Agents include The Chase Manhattan Bank, National Association of Bankers, The Netherlands, Societe Generale, etc.

Consolidated Gold Fields PLC SHAREHOLDER LINE. For an important message to all Consolidated Gold Fields shareholders TELEPHONE 0800 444 999 (AT NO CHARGE TO YOU). Includes logo and contact information.

LEGAL NOTICES and CLASSIFIED ADVERTISEMENT RATES. Includes GENETIC KINTWEAR COMPANY LIMITED notice and rate table.

ACCOUNT EXECUTIVE. Leading international investment group requires Account Executive to specialise in Japanese Equity Warrants. Complete familiarity with Japanese financial markets and economy, fluent Japanese/English essential.

HOLIDAYS AND TRAVEL. BOOK YOUR NEXT FLIGHT or HOLIDAY WITH US & WE'LL GIVE YOU A CARPHONE FREE! Includes logo and travel information.

APPPOINTMENTS and LEGAL NOTICES. Includes appointment table and legal notices for GENETIC KINTWEAR COMPANY LIMITED.



TECHNOLOGY

Just, no tip

After many false dawns, videoconferencing - holding meetings - holding people in separate rooms linked by television - seems at last to be taking off as a serious commercial activity.



A standard videoconference room installed by British Telecom

The changing face of corporate meetings

The hassle of travel is opening company minds to videoconferencing. Clive Cookson reports

Although British Telecom has offered a service - in the form of a network of public studios - since the early 1970s, UK companies have been put off by the high cost and cumbersome equipment.

That image is now out of date, according to Roger Turkington, BT's videoconferencing business manager. He says that the volume of business has doubled every year since 1985, when companies started to install in-house videoconferencing facilities.

This year BT - which has more than 80 per cent of the UK market - will make about £2m from transmitting videoconferences on its network and a further £5m from selling equipment and studios.

International videoconferencing is more expensive, of course. BOC, the multinational industrial gases and health care group, which is setting up a permanent videoconferencing link between its UK and US headquarters, expects to spend £1m in the first year and £2m a year subsequently.

ish a global network of dial-up video systems." Although the costs of video equipment and transmission have fallen over the past three years, videoconferencing still requires a substantial investment.

Even so, Paul Bosonnet, BOC deputy chairman, says that the link can be justified financially in terms of direct savings in time and travel costs. But he expects substantial indirect benefits from more rapid and better informed corporate decisions.

Communications for the year 2000

CAMBRIDGE Consultants, the UK technology consultancy, is leading a European consortium of eight users and makers of mobile communications in a programme designed to examine what user needs will be for sending speech, data, pictures and video by the year 2000.

The participants will be examining four areas. For example, the British Broadcasting Corporation and BT, the Paris telecommunications subsidiary of Philips, will examine the communications needs of broadcasting and the emergency services in response to an accident or disaster.



WORTH WATCHING

Edited by Geoffrey Charlsh and offers the caller a choice of two or three-word phrases with which he or she can pursue an inquiry.

Sticking to the ownership trail

A NEW UK company, Tagit Systems of Isleworth, has launched a marking system that protects domestic and industrial items against theft.

Joint drive in erasable disks

A JOINT venture company, called Maxoptix Corporation, has been formed by Maxtor, the Californian data storage specialist, and Kubota, a Japanese manufacturing company.

A smart rate of growth

THE 1988 Smart Card Annual, just published, forecasts that there will be 200m integrated circuit (IC) cards in circulation throughout the world in 1995.

A machine that answers inquiries

SEFER, of France, has devised a pair of printed circuit boards for an IBM PC, or compatible computer, which turn it into an intelligent answering machine.

Advertisement for FUJITSU, featuring the headline 'CHECKED OUT THE WORLD BEFORE CHECKING INTO COUNTY DURHAM.' and 'CO. DURHAM DEVELOPMENT COMPANY check us out'.

COMPANY NOTICES

Advertisement for Commerzbank AG, including a notice of the Annual General Meeting and the agenda.

Advertisement for Healthcare Global Fund S.C.A.V., including a notice of the Annual General Meeting and the agenda.

Advertisement for Yorkshire Building Society, offering £70,000,000 Floating Rate Subordinated Notes due 1999.

Advertisement for Legal Notices, including a notice from John Toon & Partners Limited.

Advertisement for Healthcare Global Fund S.C.A.V., including a notice of an Extraordinary General Meeting.

Advertisement for Middle Witwatersrand (Western Area) Limited, a company incorporated in the Republic of South Africa.

Advertisement for Legal Notices, including a notice from The Crystal Company Wales Limited.

Advertisement for Select Supplier Limited, a registered number 202684.

Advertisement for Art Galleries, including The Leffers Gallery and The Leffers Gallery.

COMMODITIES AND AGRICULTURE

Strong demand pushes tin price above \$10,000

By David Blackwell in London and Wong Sulong in Kuala Lumpur

WORLD TIN prices continued their inexorable rise yesterday. The spot European free market price rose above the \$10,000 a tonne mark in the morning, and ended the day \$300 ahead at \$10,275.50 a tonne.

Analysts believe the market, which is being mainly driven by European demand, is now on course to test \$11,000 a tonne. Their confidence that the bull trend will persist is based on the low level of stocks and little prospect of any significant supply increase for this year.

BHP oil find lifts Timor Sea prospects

By Bruce Jacques in Sydney

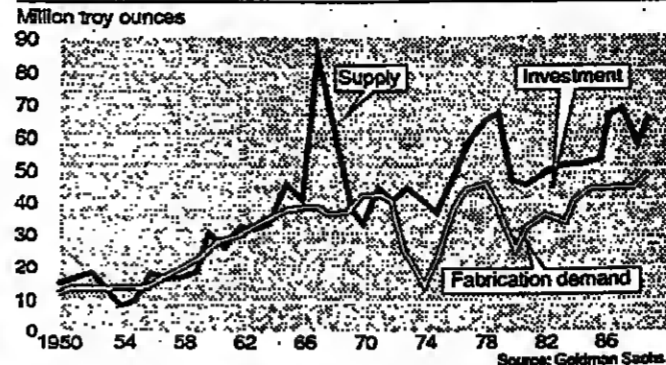
BROKEN Hill Proprietary has improved the prospects of the Timor Sea, Australia's only important new oil frontier, with the largest oil find in the area.

Gold unlikely to glitter in 1989

Kenneth Gooding on a report which foresees no short-term upturn

THE GOLD price weakness last year, and so far, in 1989 is not the beginning of a major cyclical downturn but should be viewed as an interruption in the rally that began in 1985 which should be expected to resume, with vigour, in the next few years.

Gold supply / demand balance



Musschenbroek, the precious metals research and consulting group which produced the report, and are Goldman Sachs' commodity market consultants, suggests total gold supply this year will rise by 5.5 per cent to 67.5m ounces.

not be expected until inflation and interest rates increase sufficiently to threaten US expansion, the review suggests. It goes on to contest the idea that gold prices no longer react to political events. "The fact is that gold prices have always been, and remain, sensitive to the political events that hold the potential of inflicting harm on gold investors, miners and others in the gold market."

Government orders rapid review of fruit spray

By Bridget Bloom, Agricultural Correspondent

THE British ministry of agriculture has ordered an urgent review into a pesticide sprayed on apples and pears as a growth regulator.

Zimbabwean hopes more than pipe dreams

Tony Hawkins on prospects for tobacco prices in Harare after the start of auctions

ZIMBABWE'S 1989 fire-cured tobacco auctions opened on a buoyant note this week with leaf prices averaging 381 cents a kilogram (190 US cents) on the first day, up 40 per cent on last year's opening.

Following an erratic summer in which Southern Zimbabwe experienced severe drought while farmers in the far north had too much rain, both buyers and growers expect the overall leaf quality to fall short of last year's vintage standards.

Table: Zimbabwean Tobacco Prices 1980-89. Columns: Year, Crop Size (kg), Ave per Kg (US Cents). Rows: 1980-1989.

It is impossible to exaggerate the industry's importance to the Zimbabwe economy, contributing some 20 per cent of total exports and 6 per cent of Gross Domestic Product. This year the auction sales have assumed an even greater significance because production of other major crops - maize and cotton in particular - will be lower following the erratic rainfall experienced over the past 4 months.

During 1988, agricultural output rose 23 per cent as the country recovered from the 1987 drought, and this was the main source of Zimbabwe's 5.3 per cent economic growth during the year. This year, however, agriculture's contribution seems unlikely to increase by much more than 5 per cent and the bulk of this will have to come from tobacco.

Cocoa falls on talk of rising Ivory Coast supply

By David Blackwell

COCOA PRICES fell to their lowest levels for nearly six months in London yesterday as the fundamental world oversupply re-assessed itself.

There was talk yesterday of a premium of only £100 a tonne over the May contract for Ivory Coast cocoa. This compares with premiums of more than \$250 a tonne over the nearby contract at times last year.

Smooth start to Singapore oil futures

By David Blackwell

A SMOOTH start to deliveries of high sulphur fuel oil contracts traded on the Singapore International Monetary Exchange has boosted confidence in Asia's first energy futures market.

WEEKLY METALS PRICES

Table: Weekly Metals Prices. Columns: Metal, Price per lb, Price per tonne. Rows: Antimony, Bismuth, Cadmium, Cobalt, Mercury, Molybdenum, Rhenium, Silver, Vanadium, Uranium.

LONDON MARKETS

LEAD prices advanced on the London Metal Exchange yesterday as European trade buying, breaking through the \$360 a tonne level. But the other base metals were down.

Table: LONDON METAL EXCHANGE. Columns: Metal, Price. Rows: Aluminium, Cash, Copper, Silver, Lead, Zinc, Tin, Nickel, Magnesium, Potassium, Sodium, Calcium, Barium, Strontium, Bismuth, Antimony, Vanadium, Manganese, Chromium, Molybdenum, Niobium, Tantalum, Zirconium, Hafnium, Niobium, Tantalum, Zirconium, Hafnium.

Table: LONDON BULLION MARKET. Columns: Metal, Price. Rows: Gold, Silver, Platinum, Palladium.

Table: LONDON METAL EXCHANGE TRADED OPTIONS. Columns: Metal, Price. Rows: Aluminium, Copper, Tin, Nickel, Magnesium, Potassium, Sodium, Calcium, Barium, Strontium, Bismuth, Antimony, Vanadium, Manganese, Chromium, Molybdenum, Niobium, Tantalum, Zirconium, Hafnium.

US MARKETS

THE METALS MARKETS were all higher in active trading, reports Drexel Burnham Lambert Group gained over 2 dollars on trade and bank participation.

Table: COPPER 25,000 lbs. Columns: Date, Price. Rows: Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Table: CRUDE OIL. Columns: Date, Price. Rows: Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Table: SOYBEANS 5,000 bushels. Columns: Date, Price. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

SPOT MARKETS

Table: SPOT MARKETS. Columns: Commodity, Price. Rows: Crude oil, Dubai, Brent, WTI, Uranium, Gold, Silver, Platinum, Palladium, Aluminium, Copper, Tin, Nickel, Magnesium, Potassium, Sodium, Calcium, Barium, Strontium, Bismuth, Antimony, Vanadium, Manganese, Chromium, Molybdenum, Niobium, Tantalum, Zirconium, Hafnium.

Table: SOYBEAN MEAL. Columns: Date, Price. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Table: FRESH POTATOES. Columns: Date, Price. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Table: GRAINS. Columns: Date, Price. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Table: NEW YORK. Columns: Date, Price. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Table: SILVER. Columns: Date, Price. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Table: COTTON. Columns: Date, Price. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Table: WHEAT. Columns: Date, Price. Rows: May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

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LONDON STOCK EXCHANGE

Equity rally fails to stay the course

CONFIRMATION that Becham and SmithKline Beckman of the US have agreed to a merger which would create a new \$20bn international pharmaceuticals group...

However, the crucial test comes on Friday with the announcement of the UK Retail Price Index for March...

could sound the alarm for a general battle for control of both parties to the proposed merger. Some pointed to Hoffmann-La Roche, the Swiss group...

Outside the pharmaceuticals sector, interest was moderate and owed much to technical considerations surrounding the expiration of current option series contracts...

FINANCIAL TIMES STOCK INDICES

Table with columns for Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, P/E Ratio, etc. Includes S.E. Activity Indices and Trading Volume in Major Stocks.

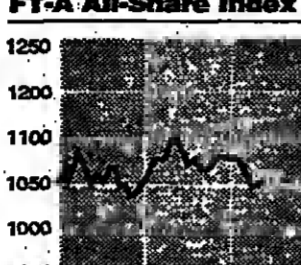
Beecham advances on deal

Admiration rippled through the market for the Becham-SmithKline Beckman merger plan. "One of the clearest deals I've ever seen," said one marketmaker...

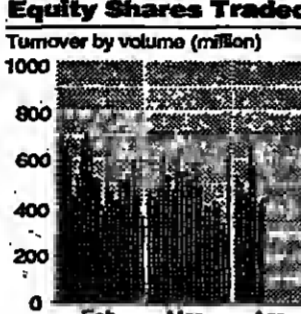
as fully supportive of the company while Paribas associates CIM and Credit Agricole have some 11 per cent between them. Other stakes include Dutch software house Volmac...

"I'm puzzled by today's events," said one analyst. "I've talked to about 100 analysts and they are playing it for the very long term, or maybe they are winding up for a big premium offer..."

FT-A All-Share Index



Equity Shares Traded



The deal will link the valuations of US and UK pharmaceutical stocks. Many will say that Glaxo is undervalued compared to its US counterparts...

News that BZW has downgraded its 1989 profits forecast for Presidential cast a shadow over the latter's shares...

dropped 5 to 86p after the menswear retailer disappointed the market with final pre-tax profits of \$2.5m, down from \$2.8m last year.

Some in the market were surprised that the 62 per cent rise in full year profits at Cannon Street Investments was greeted by a fall of 16 to 269p in the share price.

Both analysts were concerned that the deal might not go through. Ms Walton said that half the SKB shares were held by US arbitrageurs...

April option expiry A spurt of buying of Consolidated Gold Fields shares appeared to reflect the expiration of the current share option series...

Mecca disappoints

Analysis gnashed their teeth when Mecca Leisure posted a pre-tax profit of \$30.3m. Many felt that the company had given the impression last autumn that the figure would be around \$24.5m...

Next held steady at 145p but were again heavily traded; the company was holding presentations during the session. Although press reaction to Tuesday's disappointing figures was less than complimentary...

French group Motivation was also thought to be increasing its stake, last reported as 18 per cent. Addison reported dismal annual results yesterday but traders were not interested...

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume in major stocks including Astra, Biffar, British Airways, etc.

North America and see earnings expanding at such a rate that we don't think the shares contain any bid premium," Mr Turner concluded.

Marketmakers felt the deal would go ahead, but this was not reflected in the price. SKB eased slightly to around the effective offer level, suggesting that the deal was on, but Becham's late decline indicated it might fail.

Gold Fields shares flirted with \$24 on the inter-dealer market before settling back to \$24.50, a net 12 up. Turnover jumped sharply as New York opened to bring a final total of 2.3m shares.

Nevertheless, Ms Julie Feaver, leisure analyst at County NatWest WoodMac, cut her profit forecast for the current year from \$31m to \$28m, maintaining her short-term sell recommendation...

Among mixed retail stocks Marks & Spencer weakened 1/4 to 158p on turnover of 3.2m shares as concern spread about current trading conditions.

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Sema intrigues Sema Group, one of the UK's biggest independent software suppliers, was the subject of a market raid by securities houses BZW which attempted to buy up to 1.5 per cent of the company at 519p a share...

With Minorco's bid due to Japan on April 26 and the Gold Fields bid, still implacably opposed, the shares remain short of the bid value of around \$15.50 apiece. In this situation, the institutions are inclining to the view that Minorco's offer represents a fair price...

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Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 across various sectors like American, Chemicals, Electricals, etc.

APPOINTMENTS

Lloyds Bank support and development manager: Mr John Hutchinson... Group changes at RTZ Pillar: Mr John F. Ries... Subsidiary ANZ posts: Mr John F. Ries... SHARE CAPITAL FOLLOWING THE PLACING: 9,709,268 Ordinary Shares of 10p each at 125p per share.

Advertisement for TRY GROUP PLC, including the company logo, name, and details of a share placing by Lazard Brothers & Co., Limited.

Government orders review of fruit spray

smooth to Singapore oil futures

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust Managers Ltd, Abstract Management Ltd, AEGON Unit Trust Managers Ltd, etc., with columns for name, manager, and other details.

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GUIDE TO UNIT TRUST PRICING. This section explains the pricing mechanism for unit trusts, including details on how prices are determined and how they are displayed in the tables.

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سنة ١٤٠٩ هـ

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information, including columns for company names, unit prices, and other financial data. The table is organized into multiple columns and rows, listing various investment funds and their performance metrics.

INSURANCES

Table listing insurance companies and their services, including details on policy types and contact information.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-625-2122

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', 'GUERNSEY (SB REGISTERED)', 'LUXEMBOURG (SB REGISTERED)', 'JERSEY (SB REGISTERED)', 'SWITZERLAND (SB REGISTERED)', 'BERMUDA AUTHORISED', and 'GUERNSEY (SB REGISTERED)'.

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FT UNIT TRUST INFORMATION SERVICE

Main table containing FT Unit Trust Information Service data, including various fund names, prices, and performance metrics.

LONDON SHARE SERVICE

Main table containing London Share Service data, including British Funds, American Funds, and other investment vehicles.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, price, and other details.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account type, and interest rate.

UNIT TRUST NOTES: Additional text providing information about unit trusts and their services.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

CANADIANS table with columns for company name, price, and other financial metrics.

BUILDING, TIMBER, ROADS Contd table with columns for company name, price, and other financial metrics.

ELECTRICALS table with columns for company name, price, and other financial metrics.

ENGINEERING - Contd table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

BANKS, HP & LEASING table with columns for company name, price, and other financial metrics.

CHEMICALS, PLASTICS table with columns for company name, price, and other financial metrics.

FOOD, GROCERIES, ETC table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

BEERS, WINES & SPIRITS table with columns for company name, price, and other financial metrics.

DRAPERY AND STORES table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

HOTELS AND CATERERS table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

BUILDING, TIMBER, ROADS table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

ENGINEERING table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd table with columns for company name, price, and other financial metrics.

INSURANCES table with columns for company name, price, and other financial metrics.

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LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-225-2128

LEISURE - Contd

Table listing leisure companies such as British Airways, British Airways PLC, and others with their share prices and market data.

PROPERTY

Table listing property-related companies and their share prices.

TEXTILES - Contd

Table listing textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices.

MINES - Contd

Table listing mining companies and their share prices.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices.

TOBACCO

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies and their share prices.

OVERSEAS TRADERS

Table listing overseas trading companies and their share prices.

PLANTATIONS

Table listing plantation companies and their share prices.

THIRD MARKET

Table listing third market companies and their share prices.

Commercial Vehicles

Table listing commercial vehicle companies and their share prices.

Investment Trusts

Table listing investment trusts and their share prices.

Finance, Land, etc

Table listing finance, land, and other companies and their share prices.

Central Rand

Table listing central rand companies and their share prices.

Eastern Rand

Table listing eastern rand companies and their share prices.

Far West Rand

Table listing far west rand companies and their share prices.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies and their share prices.

Shipping

Table listing shipping companies and their share prices.

Oil and Gas

Table listing oil and gas companies and their share prices.

Finance

Table listing finance companies and their share prices.

Central African

Table listing central african companies and their share prices.

Australians

Table listing Australian companies and their share prices.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies and their share prices.

Shoes and Leather

Table listing shoes and leather companies and their share prices.

South Africans

Table listing South African companies and their share prices.

Textiles

Table listing textile companies and their share prices.

Regional & Irish Stocks

Table listing regional and Irish stocks and their share prices.

Traditional Options

Table listing traditional options and their prices.

Stock Exchange dealing classifications are indicated to the right of security names. An Alpha-Beta... (Detailed notes on stock exchange classifications and market data.)

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Rising inflationary worries

INFLATION HAS become the main concern of the foreign exchange trading market... Rising inflationary worries...

that Mr Gerhard Stoltenberg may be replaced as West German Finance Minister... Rising inflationary worries...

Starting was quiet and steady, closing unchanged at \$1.8900 and at DM3.1875... Rising inflationary worries...

FINANCIAL FUTURES

Weaker trend in short sterling

SHORT-STERLING prices lost ground yesterday in quite brisk trading... Weaker trend in short sterling...

average earnings in February - due for release today... Weaker trend in short sterling...

futures weaker. Sentiment was also undermined by the pound's weaker tone... Weaker trend in short sterling...

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for Country, Unit, Rate, % change, % change adjusted for divergence, Divergence limit %.

STERLING INDEX

Table with columns for Date, Index, % change, % change adjusted for divergence, Divergence limit %.

CURRENCY RATES

Table with columns for Currency, Rate, % change, % change adjusted for divergence, Divergence limit %.

CURRENCY MOVEMENTS

Table with columns for Currency, Movement, % change, % change adjusted for divergence, Divergence limit %.

OTHER CURRENCIES

Table with columns for Currency, Rate, % change, % change adjusted for divergence, Divergence limit %.

MONEY MARKETS

Period rates firmer

LONGER TERM interest rates continued to rise in London yesterday amid growing concern that inflation data due tomorrow may increase pressure for a rise in base rates... Period rates firmer...

FT LONDON INTERBANK FIXING... MONEY RATES... LONDON MONEY RATES... Period rates firmer...

FT LONDON INTERBANK FIXING... MONEY RATES... LONDON MONEY RATES... Period rates firmer...

PHILIPPINE 5% BONDS

Table with columns for Date, Price, % change, % change adjusted for divergence, Divergence limit %.

U.S. TREASURY BILLS

Table with columns for Maturity, Price, % change, % change adjusted for divergence, Divergence limit %.

U.S. TREASURY BONDS

Table with columns for Maturity, Price, % change, % change adjusted for divergence, Divergence limit %.

U.S. TREASURY NOTES

Table with columns for Maturity, Price, % change, % change adjusted for divergence, Divergence limit %.

U.S. TREASURY BONDS

Table with columns for Maturity, Price, % change, % change adjusted for divergence, Divergence limit %.

U.S. TREASURY BONDS

Table with columns for Maturity, Price, % change, % change adjusted for divergence, Divergence limit %.

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U.S. TREASURY BONDS

Table with columns for Maturity, Price, % change, % change adjusted for divergence, Divergence limit %.

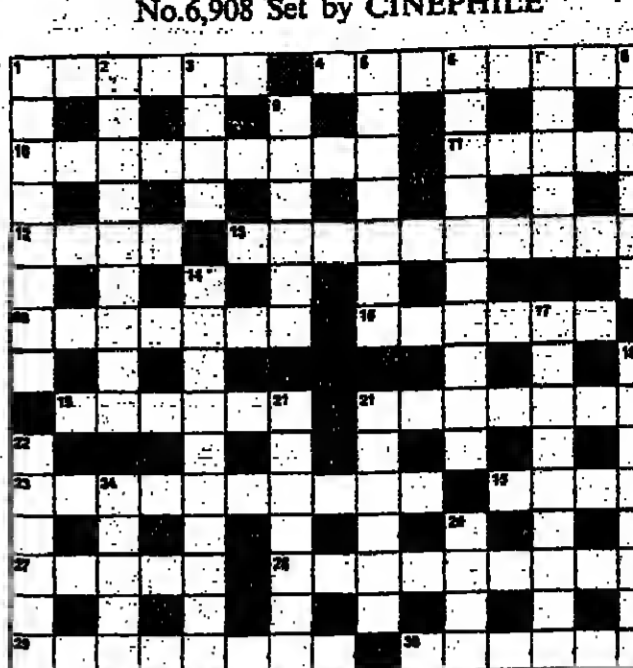
U.S. TREASURY BONDS

Table with columns for Maturity, Price, % change, % change adjusted for divergence, Divergence limit %.

U.S. TREASURY BONDS

Table with columns for Maturity, Price, % change, % change adjusted for divergence, Divergence limit %.

CROSSWORD



ACROSS 1 Rest in relation to attitude (6)... 5 Wine for water-ben is here (7)... DOWN 1 Cricketer or critic of three lists (8)...

JOTTER PAD

A blank area for notes or a small puzzle, with some faint text visible.

Investing For Beginners by Daniel O'Shea. A large advertisement for a book on investing, including a list of features and contact information.

WORLD STOCK MARKETS

Handwritten note: "Handwritten text in a box at the top center of the page, possibly a signature or reference." The text is in Arabic script and reads "بسم الله الرحمن الرحيم".

Table of stock market data for Austria, listing various companies and their share prices.

Table of stock market data for France, listing various companies and their share prices.

Table of stock market data for Germany, listing various companies and their share prices.

Table of stock market data for Italy, listing various companies and their share prices.

Table of stock market data for Sweden, listing various companies and their share prices.

Table of stock market data for Switzerland, listing various companies and their share prices.

Table of stock market data for the Netherlands, listing various companies and their share prices.

Table of stock market data for Norway, listing various companies and their share prices.

Table of stock market data for Denmark, listing various companies and their share prices.

Table of stock market data for Belgium, listing various companies and their share prices.

Table of stock market data for the United Kingdom, listing various companies and their share prices.

Table of stock market data for Japan, listing various companies and their share prices.

Table of stock market data for Australia, listing various companies and their share prices.

Table of stock market data for New Zealand, listing various companies and their share prices.

Table of stock market data for South Africa, listing various companies and their share prices.

Table of stock market data for Canada, listing various companies and their share prices.

Table of stock market data for Mexico, listing various companies and their share prices.

Table of stock market data for Brazil, listing various companies and their share prices.

Table of stock market data for Argentina, listing various companies and their share prices.

Table of stock market data for Chile, listing various companies and their share prices.

Table of stock market data for Peru, listing various companies and their share prices.

Table of stock market data for Colombia, listing various companies and their share prices.

Table of stock market data for Venezuela, listing various companies and their share prices.

Table of stock market data for Ecuador, listing various companies and their share prices.

Table of stock market data for Bolivia, listing various companies and their share prices.

Table of stock market data for Paraguay, listing various companies and their share prices.

Table of stock market data for Uruguay, listing various companies and their share prices.

Table of stock market data for Cuba, listing various companies and their share prices.

Table of stock market data for Haiti, listing various companies and their share prices.

Table of stock market data for Dominican Republic, listing various companies and their share prices.

Table of stock market data for Puerto Rico, listing various companies and their share prices.

Table of stock market data for Guam, listing various companies and their share prices.

Table of stock market data for Hong Kong, listing various companies and their share prices.

Table of stock market data for Singapore, listing various companies and their share prices.

Table of stock market data for Malaysia, listing various companies and their share prices.

Table of stock market data for Thailand, listing various companies and their share prices.

Table of stock market data for Philippines, listing various companies and their share prices.

Table of stock market data for Indonesia, listing various companies and their share prices.

Table of stock market data for South Korea, listing various companies and their share prices.

Table of stock market data for Taiwan, listing various companies and their share prices.

Table of stock market data for South Korea, listing various companies and their share prices.

Table of stock market data for South Korea, listing various companies and their share prices.

Table of stock market data for South Korea, listing various companies and their share prices.

Table of stock market data for South Korea, listing various companies and their share prices.

CANADA

Table of stock market data for Canada, listing various companies and their share prices.

INDICES

Table of financial indices including Dow Jones, S&P 500, and various international indices.

TOKYO - Most Active Stocks

Table of most active stocks in Tokyo, listing company names and their share prices.

TRADING ACTIVITY

Table showing trading activity for various markets, including volume and value.

FINANCIAL TIMES

Text describing the Financial Times newspaper, its history, and its commitment to providing quality financial news.

Have your F.T. hand delivered in Germany

Advertisement text for the Financial Times, highlighting its international reach and commitment to delivering news to subscribers in Germany.

Text providing contact information for the Financial Times, including phone numbers and addresses.

Text stating that 12 issues of the Financial Times are provided free of charge to new subscribers.

Text providing the phone number 0130-5351 for the Financial Times.

Text stating that the Financial Times is Europe's Business Newspaper.

3pm prices April 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like '34 Month High', 'Low', 'Open', 'Close', 'Change', 'Volume', 'Bid', 'Ask', 'Last', 'Settle', 'Open', 'Close', 'Change', 'Volume', 'Bid', 'Ask', 'Last', 'Settle'.

Advertisement for 'The world's first King Size Filter cigarette' featuring a pack of 'Rothmans KING SIZE' cigarettes.

Continued on Page 45

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NYSE COMPOSITE PRICES

OVER-THE-COUNTER

Nasdaq national market, 3pm prices April 12

Handwritten note: "Handwritten note in Arabic script at the top center of the page." (Note: The text is illegible due to handwriting.)

Main table of NYSE Composite Prices, listing various stocks with columns for High, Low, and Close. Includes a sub-section for '3pm prices April 12'.

Main table of Over-the-Counter prices, listing various stocks with columns for High, Low, and Last. Includes a sub-section for '3pm prices April 12'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices, listing various stocks with columns for High, Low, and Close.

3pm prices April 12

Table of 3pm prices for April 12, listing various stocks with columns for High, Low, and Last.

Travelling by air on business? Enjoy reading our complimentary copy of the Financial Times when you are travelling on scheduled flights from London to Singapore via London Heathrow Airport.

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Technology sector attracts demand

Wall Street

BARGAIN-HUNTING in the technology sector helped equities score modest gains yesterday morning in spite of a fall in bond prices, writes Janet Bush in New York.

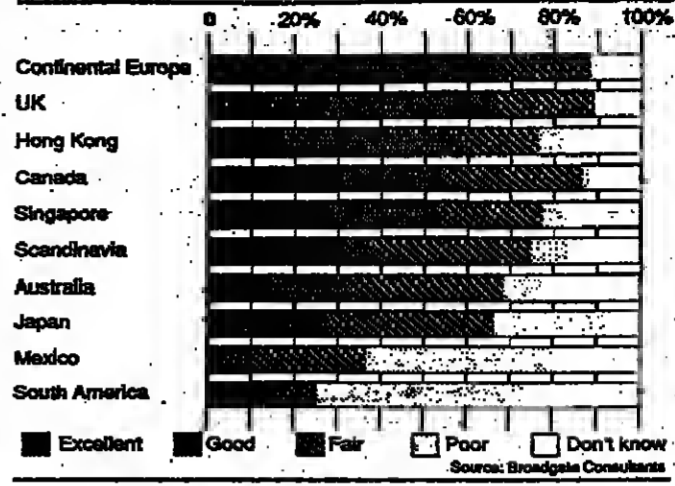
swap activity. While the bond market appeared to be becoming rather pessimistic about Friday's key releases, the equity market seemed to believe that the figures were going to be relatively positive.

in sales in the first quarter and earnings of 96 cents a share compared with 88 cents a year earlier, rose 8% to \$44.

Investment managers in the US believe the UK and continental Europe are currently the most attractive overseas equity markets, according to a survey by Broadgate Consultants, a New York-based research and investor relations counselling firm.

Survey shows US faith in Europe Japan, however, attracts less optimism. Alison Maitland reports

Regional investment prospects



This reveals the highest level of confidence about global investment for at least two years, according to the survey. No fund managers planned to allocate less money to overseas markets.

short-term growth was the principal aim for only 1 per cent and currency speculation for only 3 per cent. With globalisation spreading, fund managers expressed concern about the quality of information on dividend payments from foreign shareholders.

EUROPE

Paris joins growing band of bourses at year highs

BOURSES trading at 1989 peaks were joined by Paris yesterday in another generally good day in Europe, but there was some caution about tomorrow's batch of US economic figures, writes Our Markets Staff.

460.4, reached on March 26, 1987. The OMF 50 index was up 1.78 at 473.76 and at 5 pm the CAC 40 was up 8.27 at 1,674.46.

Subzer registered shares fell SF725 to SF73,875 after the engineering group announced a 2.5 per cent rise in profits and plans for an issue of 20,000 registered shares.

ASIA PACIFIC

Profit-taking virtually eliminates sharp rise

Tokyo

JAPANESE equities succumbed to quick profit-taking, after soaring to an all-time high in early trading, and closed only modestly higher, writes Michiyo Nakamoto in Tokyo.

Y1,820. Hitachi and Sony both added Y30 to Y1,570 and Y6,760 respectively and Nikon gained Y20 to Y1,480. Toshiba, the most actively traded issue with 47.3m shares, rose Y10 to Y1,270.

High-technology issues supported the market in Osaka, where the OSE average posted a stronger rise than Tokyo did, finishing up 66.32 at 31,982.82.

SINGAPORE again broke its turnover record, as the Straits Times Industrial Index reached a post-crash high of 1,219.02, up 17.59. Volume was 167m shares, compared with the previous day's 124m.

had sold five floors of the Hong Kong Convention and Exhibition Centre at a record price for Wallch property propped it 20 cents higher to \$84.10.

Price Loaders Anonymous advertisement. 'I broke this mindless, expensive habit in one day!' Every morning for years I'd been coming into the office, grabbing the PC, the newspaper and the coffee, ready for another session of the same mind-numbing game you probably play to value your clients' portfolios - PRICE LOADING.

SOUTH AFRICA

A FURTHER rise in the financial rand again underpinned gold shares in Johannesburg in light trading. Randfontein fell R3 to R223.

AMSTERDAM was actively traded as the CBS tendency index added 1.5 to hit another year's high of 178.5 on volume of F1 950m.

STOCKHOLM edged higher in fairly muted trading, with the Affarsvarden general index rising 5.1 to 1,122.2.

Interest continued to move from one sector to another. Investors have been buying not the sector leaders but medium or small capitalisation issues, as well as those that are laggards in areas where growth in profits is expected to be high, such as in the machine tools, supported by increased plant and equipment investment.

FT-ACTUARIES WORLD INDICES

Table with columns: NATIONAL AND REGIONAL MARKETS, TUESDAY APRIL 11 1989, MONDAY APRIL 10 1989, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, North America, World Ex. UK, World Ex. Japan, World Ex. Japan (1994).

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index); 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US \$ Index); 114.45 (Pound Sterling) and 123.22 (Local). Copyright: The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

المجلة

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Candidates should be aged between 30 and 50 and be self starters, confident and determined. The successful candidate will be a qualified accountant, ACA, AIMA or ACCA with a clear understanding of the financial and management control requirements of a light/medium engineering business.

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ACCOUNTANCY COLUMN

# US companies share a standard complaint

By Pratap Chatterjee in New York

RECENT PROPOSALS for monitoring the activity of the US Financial Accounting Standards Board (FASB) have given partial support to a bid by leading US companies to rein in their national standards setters. The FASB, companies claim, is answerable to no one and has produced ideas which are potentially crippling to their businesses.

For almost four years the Business Roundtable, an association of chief executives of 200 of the biggest US companies, has been complaining that the FASB has been issuing standards that are incomprehensible and extremely expensive to implement.

On April 24 the Financial Accounting Foundation (FAF), the FASB's parent, will consider recommendations for changing its role as overseer of the US accounting standards process.

The proposals are to be put forward by a committee set up by the FAF, at the insistence of the Roundtable, and chaired by Mr Ray Groves, senior partner of Ernst & Whinney.

The FASB was created 15 years ago by the Securities and Exchange Commission to set accounting standards for companies. Its seven-member board and 45 staff, based in Connecticut, work full-time formulating financial reporting rules.

Three recent proposals in particular have annoyed the corporate world.

In one, the FASB has proposed that companies provide against the cost of post-retirement health care which they have promised to their employees. Estimates vary, but it could wipe up to \$2 trillion - million million - (£1.2tr) off US company balance sheets.

Secondly, a new standard that came into effect this year could double the size of the balance sheets of big companies by requiring them to consolidate all their subsidiaries. It will particularly affect companies with large finance subsidiaries, such as Ford and General Motors.

The third change and the one that has caused the greatest annoyance relates to accounting for deferred taxes. Companies say it would be extremely costly to comply with and could cause large and meaningless swings in their profits from one year to the next.

After extensive consultation, the FASB agreed last autumn to defer the implementation of the rule for a year.

US companies are not pleased with all this. Mr Tom Jones, chairman of the staff committee of the Roundtable's accounting taskforce, said: "FASB is banging out standards left, right and centre. And FASB is prosecuting coun-"

sel, judge and jury all in one."

Under Mr John Reed, chief corp chief and chairman of its accounting taskforce, the Roundtable last year proposed a private sector body to oversee the efforts of the FASB. It would be staffed by nominees from academia, the corporate world, public accounting and the FAF.

However, in January that suggestion was shot down by Mr David Ruder, SEC chairman, on the grounds that it might impinge on the FASB's independence.

The Groves committee has suggested that the FAF set up an oversight committee from among its own members to monitor the FASB's work. This proposal is considerably weaker than the Roundtable's own suggestion, but looks far more likely to be approved.

The Groves committee has recommended that the FAF oversight committee be allowed to ask the FASB for an annual report on how it is fulfilling its mission and meet individual members of the FASB and discuss their performance.

Mr Edmund Jenkins, managing director of accounting principles for Arthur Andersen, is still sceptical that this would be acceptable to the FAF. "It could be seen as an impediment to FASB's independence as it is composed of FAF mem-

bers and they are the employers and financiers of FASB," he said.

At the moment the FAF helps raise the FASB's \$11m annual running costs, but pointedly does not interfere in its affairs.

Mr Paul Miller, a University of Colorado professor who has worked with both the FASB and the SEC, is completely opposed to the oversight committee.

He said: "They are describing a master/servant relationship. The proposal is parallel to that of the Roundtable and is simply designed to serve their interests by prolonging the standard setting process."

The Groves report includes several suggestions published a year ago as the first part of their report to streamline the standard setting process and make it more acceptable to companies. These include:

- FASB should issue a "white paper" on any new topic that it plans to tackle.
- An FASB board member should chair each of the taskforces set up to investigate accounting topics, rather than leaving it to the body's staff.
- Before issuing drafts of new rules, the task forces should publish their preliminary views and carry out extensive field testing.

The FASB has indicated that it is willing to meet these sug-

gestions part way. Last year it published a list of the topics in order of priority that it wanted to look at. A board member has been appointed to chair the taskforce considering ways of accounting for financial instruments.

In the meantime, the Roundtable is not planning to cool its heels. It intends to organise a group along the lines of its original proposal to keep in touch with the SEC - even if it does not have official recognition. Its members will be drawn from the US Chamber of Commerce, the National Association of Manufacturers and the Big Eight.

They plan to meet the SEC every six months on an informal basis to "kick around ideas."

\* \* \*

**STRICTER LEGAL** controls on auditors in the US could be in draft form by the end of this year. Congressman John Dingell is getting near to the final leg of his marathon battle with the accountants.

Mr Dingell, chairman of the oversight and investigations subcommittee of the House committee on energy and commerce, has been the scourge of the auditing profession for most of the 1980s.

His series of investigations into audit failures led to a response from the profession in the form of the Treadway Commission, which came up with 49 recommendations for giving greater assurance on the quality of audits.

The General Accounting Office (GAO), the investigative arm of Congress, recently produced a progress report on the implementation of the Treadway proposals.

This report is now with Mr Dingell. His subcommittee expects to have examined it by next month and to then start work on draft legislation that will incorporate the Treadway recommendations and the GAO's comments.

The GAO report reveals mixed success so far.

Many of the Treadway recommendations are still being put into place, it says. For instance, last month the SEC tightened its regulations that auditors would have to notify the SEC when they resign or are sacked from an audit.

Other recommendations have been difficult to implement - such as compulsory periodic reviews of auditors by their peers.

Some have been rejected altogether, such as the requirement for companies to have independent audit committees to oversee them. This, it was claimed, would be burdensome for small companies.

### A direct line to the executive shortlist

To secure the best appointments at a senior level needs more than good advice, accurate objectives and succinct presentation. InterExec not only provides career advice, but also a unique service to bridge the crucial gap between counselling and the right job. Why waste time and money on unproductive interviews? InterExec clients do not need to find or apply for appointments. Over 40 full-time staff with over 5,000 unreserved vacancies in, enable InterExec to offer the only confidential Executive placement service. What is each unproductive day costing you? For an exploratory meeting without obligation, Telephone InterExec on 01-830 5041/7. A member of the Career Development & Outplacement Division. Lansdown House, 19 Charing Cross Road, London WC2N 6ES.

InterExec Ltd

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ACCOUNTANCY APPOINTMENTS

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70 Fleet Street, London EC4Y 1EU

## Outstanding Opportunity for Young Accountant International Audit

London £29,000 + Benefits

Our client, a major US multinational company is seeking to recruit an international auditor to strengthen their team of highly qualified and ambitious accountants. They view this role as a stepping stone for highly, recently qualified accountants to enter the company and having proved themselves in the short term, progress swiftly to a line management position.

The position is London based with approximately 75% travel, mainly to Northern Europe and elsewhere in the UK. First class accommodation and business class travel will be provided in all cases. The position involves both financial and operational auditing.

Candidates will be qualified accountants aged 25-32. You will have first rate technical and interpersonal skills and a desire to succeed in a successful, fast moving and challenging environment.

Interested applicants should write enclosing a comprehensive Curriculum Vitae and daytime telephone number, quoting Ref: 319 to Philip Price, MA, FCMA, Whitehead Rice, 43 Welbeck Street, London W1M 7PG. Tel: 01-637 8734.

*Whitehead Rice*

MANAGEMENT SELECTION

## TAXATION MANAGER

Surrey c£36,000 + Car + Benefits

Our client is a £2.5bn Blue Chip industrial group with diverse global interests and a truly international culture. Their corporate headquarters function now seeks a high calibre taxation professional to assist in formulating and implementing a group-wide taxation strategy crucial to profit-efficient corporate growth.

This is a highly visible project-based role involving close contact with Senior Executives in the group. In addition to responsibility for UK Corporate Taxation you will be required to take an overview in areas such as Company formations, acquisitions and mergers and provide specialist planning advice to autonomous operating companies throughout the world. This position will entail an element of foreign travel.

With a major bearing on overall group objectives, the position calls for at least 3 years' post-qualification experience of corporate taxation, gained within either a multi-national corporation or a professional firm dealing with multi-national corporates.

The successful candidate will be a graduate and qualified as an accountant and/or member of the Institute of Taxation. Key qualities will be accomplished presentation and communication skills allied to an alert commercial talent. You will be a self-starter who can solve complex commercial strategic problems and will demonstrate the ability to achieve significant further career development.

The target salary is supported by a comprehensive benefits package including relocation assistance where appropriate.

Please write in confidence, enclosing a full CV, quoting ref. A278/F to Phillip Price ACA at Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Telephone 01-488 4114

M E R V Y N H U G H E S

## Nykredit

Nykredit, a leading Danish mortgage association with forty per cent share of their domestic market, are expanding their London office in response to the growing demand for commercial real estate finance. They now seek an experienced and self-motivated mortgage professional to share in their expansion.

### MORTGAGE FINANCE - A NEW APPROACH

Up to £20,000 + benefits

Working as part of a close-knit team, you will be responsible for the arrangement and administration of commercial and domestic property financing in excess of £1 million, liaising with clients, lawyers, and banks and with the Copenhagen head office. You will receive formal training in Danish mortgages and in the company's advanced systems.

Probably in your late twenties, and a graduate in a related discipline, you will have a successful background including commercial mortgages, within a building society, insurance, banking or commercial field. You must possess the ability to communicate effectively, and have the flexibility, initiative, and commitment vital in a team environment. Your position now demands a move into an international organisation where you can develop in a challenging and varied role.

The right applicant will receive a competitive salary, pension, and life insurance, plus other benefits associated with a successful international company. Candidates, male or female, should write with full career details to Simon Spindler, Mercuri Urval Limited, Spencer House, 29 Grove Hill Road, Harrow, Middlesex, HA1 3BN. Tel. 01 863 8468. Fax: 01 861 1578. Quote ref: 125/89.

**Mercuri Urval**

## Group Financial Controller

£60-£70,000  
Central London

This is a very senior position at the group headquarters of one of the largest and most successful public companies in its field. Profits have increased markedly in recent years and in 1988 were in excess of £70 million. The group's interests extend throughout the world.

The Group Financial Controller will report to the Finance Director and be supported by a small, professional team. He or she will take full responsibility in a decentralised environment for financial control, planning and budgeting and development of management information and related systems. There will also be close personal involvement in any acquisitions and other major corporate developments.

Probably aged 35-45 and certainly qualified accountants, candidates should demonstrate an impressive track record in large, well-managed commercial or financial organisations. A blend of line management and head office experience would be a great advantage.

Salary is negotiable and a full range of benefits will be awarded.

Please write in confidence, enclosing career details and quoting reference: 321/2, to Nigel Halsey, Managing Director, at the address below Telephone 01-895 1323.

**The Halsey Consulting Partnership**  
25 Villiers Street, London WC2N 6ND







## Financial Controller

**Thames Valley**  
**£40,000 + Car + Options**  
**High-Tech ■ Exceptional Growth ■ Gp t/o £100m**

Our Client is part of the highly successful Quartet plc Group and is one of the fastest growing companies in the UK, having achieved a year-on-year doubling of turnover over the five years since formation. The Company is totally self-funded and has produced exceptional profits growth and return on capital as it has moved to a leading position in high-tech distribution.

Instrumental in our Client's success has been the combination of entrepreneurial skills with strong financial management with particular emphasis on information management, forward planning and tight financial controls.

Company style is open and direct and has always recognised that the people who help create success and wealth should share in them. As such this senior position (which reports directly to the Joint Managing Director) will carry the opportunity to take up options in the Group.

Candidates must be qualified accountants aged early/mid 30's ideally from a distribution environment with a proven record of achievement in a fast moving company. Good communication skills and a sense of humour are vital and advancement prospects excellent. Please telephone or write enclosing full curriculum vitae quoting ref 318 to: Philip Cartwright FCMA, 97 Jermy Street, London SW1Y 6JE. Tel: 01-839 4679 Fax: 01-925 2336

**Cartwright Hopkins**

FINANCIAL SELECTION AND SEARCH

## CONTROLLER - EUROPE

FMCG £47,500 + Excellent Benefits Package

Mid 30's

Our client, a US multinational and household name, is committed to the further strengthening of its dominant market position. As a result of an internal promotion, there is an immediate requirement for a key individual to join the senior management team.

Reporting to the Chief Financial Officer, Europe, your principle responsibilities will comprise the co-ordination and management of the finance function. This will encompass strict financial reporting, performance planning and analysis, together with policy implementation and appraisal.

A chartered accountant with at least four years' commercial experience, preferably within a US corporate environment, you should also possess the intellect and assertiveness to lead a focused and committed finance team. Growth potential is essential as progression will be limited only by personal ability.

In addition to the advertised salary, the benefits package includes a substantial bonus, fully expensed car and share option scheme.

If you are interested in this opportunity, which is situated within the M25 corridor, please contact James Hyde on 01-437 0464 or write to him, enclosing a brief CV, at the address below.

**ROBERT • WALTERS • ASSOCIATES**  
 RECRUITMENT CONSULTANTS  
 Queens House 1 Leicester Place London WC2H 7BP  
 Telephone: 01-437 0464

## FINANCE DIRECTOR

**Denby, Derbyshire** **£35,000 + package**  
**Late 20's/Early 30's** **Exec. car & benefits**

Since the acquisition by the Coloroll Group two years ago, Denby Tableware has moved ahead impressively. New capital investment, imaginative marketing, improved designs and heightened brand awareness have contributed to dramatic increases in turnover - currently over £10m - and in profitability. Aggressive penetration of markets in the UK and overseas is accelerating the momentum of future growth.

Within the executive team that drives this business forward, the Finance Director performs a broad and very commercial role.

With the support of a strong team, embracing the finance and DP functions, you will ensure the smooth flow of information which is essential within such a fast-moving business. While exercising tight control over day-to-day operations, you will also help to formulate long-term strategic goals, participating in decisions which affect all parts of the business. One of your early priorities will be to extend computerisation into the production planning and sales & marketing areas.

To succeed here, you will be a young, graduate, qualified accountant with a highly developed commercial awareness and exceptional communication skills. The environment will demand from you the highest levels of commitment and expertise, but will also provide opportunities for outstanding career growth - following the example of the present FD who has secured promotion within the Group.

The executive team is dynamic, enthusiastic and successful. You will be joining them at an exciting time.

Please apply to Lawrence Barnett and Dudley Harrop at our Manchester office quoting ref. MK109.

**ASB** Amethyst House, Spring Gardens - Manchester M2 1EA. Tel: 061-834 0618 Fax: 061-832 9123 Also at Liverpool and Leeds

ASB RECRUITMENT LTD A Division of ASB Barnett Kinnings Pic

### THE PURSUIT OF EXCELLENCE

With revenues increasing by 30% and earnings almost doubling, what can a company that earned \$1 billion in 1988 do for an encore?

The answer is simple - to be the best at what it does, to develop and grow within an increasingly competitive and ever changing market place.

This never ending search for excellence results in a demand for outstanding individuals who possess an entrepreneurial and flexible approach to successfully manage this change.

Please apply directly to Penny Ridgett at Robert Half, Freeport, Walpole House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone 01-836 3545, or evenings on 01-853 4009. Alternatively fax your details on 01-836 4942.

### MANAGER REPORTING AND ANALYSIS

**£25,000 Package + Car**  
**BRIGHTON**

The Travel Related Services Division marks the foundation of today's American Express Company and markets some of the world's most distinguished brand names, including the American Express Card, Gold Card and Travellers Cheques.

A key member of the management team, you will be responsible for the production, presentation and interpretation of European Divisional results to senior management. Leading a professional team, responsibilities include identifying and analysing specific business issues and providing support to local finance departments throughout the region.

Aged 28-32, candidates should be qualified Accountants with a proven track record in a management accounting environment. Management skills are essential as is a mature and positive approach to decision making.

### FINANCIAL SYSTEMS CONSULTANT

**To £25,000 Package**  
**BRIGHTON**

Travel Related Services has recently undertaken two new strategic initiatives in the development of information systems - Projects Genesis and Travel Systems Strategy.

You will play a significant part in the development of these key business systems. This broad role involves providing support and advice on the financial integrity of the new systems. You will also provide a consultancy service to regional finance departments.

Candidates should be qualified Accountants or Consultants, aged 22-28, with experience of financial systems review and development.

The company offers an excellent benefits package which includes a mortgage subsidy, telecomm and non-contributory pension scheme.

**ROBERT HALF**  
 Financial Recruitment Specialists  
 London • Birmingham • Windsor • Manchester

## EXETER TRUST LIMITED

### THE COMMERCIAL MORTGAGE BANK

Part of a major insurance group we are one of the principal specialist lenders in the commercial property sector. Our continued expansion promotes and urgent need for a

### SENIOR LENDING OFFICER - c. £25,000 p.a.

to join our established Loans Department based in Exeter.

Applicants, aged 30 to 45, will preferably have ACTB qualification and be able to demonstrate wide experience of commercial property lending, including development finance, together with appropriate management skills, ability to negotiate at Board level and a high degree of self-motivation.

As the position will require some travel a company car will be provided.

In addition to the salary indicated, which will depend upon age and experience, we offer valuable benefits including annual bonus, free BUPA membership, and house mortgage subsidy after a qualifying period.

Applicants should write with a full CV (which will be treated in the strictest confidence) to: C. J. Halliday, Esq., Loans Director, Exeter Trust Limited, Exeter Trust House, Blackboy Road, Exeter, EX4 6SE.

Please mark your envelope "Strictly Private & Personal".

## GOVERN YOUR CAREER AND HELP GUIDE OUR FUTURE!

Packages c. £28,000 Watford

As a well-known and professional financial services organisation, National & Provincial is constantly searching for new ways to elevate the service we offer to all our customers. Nowhere is this more obvious than in the rapidly expanding area of consumer credit.

### FINANCIAL CONTROLLER

Intense activity in the provision of Consumer Credit products and services makes the instigation of innovative financial accounting and management information systems imperative to determine and monitor current levels of enterprise.

You will be instrumental in the creation and implementation of these systems with emphasis on profit and loss, profit forecast, pricing models, sensitivity analyses and budgetary control.

### CREDIT CYCLE CONTROLLER

Success in the field of Consumer Credit depends upon the ability to accurately assess credit worthiness to minimise risk.

You will impart effective credit control procedures and perpetuate a credit scoring system. This will incorporate monitoring existing scoresets, tracking trends and making recommendations to implement changes. In addition data on competitors as well as existing portfolio performance will be required.

### CREDIT UNDERWRITER

c. £15,000

As Credit Underwriter you will be primarily involved in the vetting of referred Credit Card applications using your judgement to assess their viability. This will also involve investigative work, within certain specified parameters. There could also be an element of research work so that you can provide statistics and other information, to improve the quality of the overall decision making process.

The position will demand a minimum of 2 years' experience in the Credit Underwriting field, preferably within a financial services institution.

An acute understanding of the financial services business is all-important, particularly in connection with credit-related procedures. You must have substantial experience of this fast-moving sphere and a sound appreciation of the business. Success will be based upon a rational and decisive temperament.

The attractive salary package includes an immediate concessional mortgage and a London Weighting Allowance. We also offer an optional contributory pension scheme, BUPA and relocation where appropriate.

Please write with details of career to date, to: Mrs Angela Stevens, National & Provincial Building Society, Provincial House, Bradford BD1 1NL. Tel: (0274) 733444.

The Society is an Equal Opportunities Employer

## MAKE A BEE-LINE FOR N&P!

NATIONAL & PROVINCIAL BUILDING SOCIETY

### FINANCIAL PLANNING MANAGER

**Uxbridge** **£28,000 + Car**

Unrivalled career progression is the reward for an innovative recently qualified with this major retail distribution PLC. Heading the Financial Planning team you will have overall responsibility for the construction and presentation of the group distribution plan including divisional forecasts and capital plans, five year plans and group pay reviews. Strong management and analytical skills are required coupled with good computer applications and financial modelling experience. Excellent benefits package and prospects to match. Ref: H2402.

For further information contact: Accountancy Personnel, Northern Rock House, 88-90 College Road, Harrow HA1 1DQ. Tel: 01-863 8211.

### SENIOR FINANCIAL ANALYST

**Basilton** **£21,000 + Mortgage**

Our client, ACCESS, is seeking a qualified Accountant to further strengthen the financial planning function within their multi-million pound operation.

This key role requires experience in budgeting, auditing and analysis as well as management reporting. The successful candidate will combine staff management abilities with initiative, flexibility and strong interpersonal skills.

Excellent benefits include preferential loans scheme, generous holiday entitlement, pension and Life Assurance, and excellent Sports and Social Club. REF: JK/ACCESS.

For further information contact: Accountancy Personnel, New Cranbrook House, 61 Cranbrook Rd, Blandford SP6 4PG. Tel: 01-478 7725.

## Accountancy Personnel

Placing Accountants first

**Hays**  
 A HAYS PERSONNEL SERVICES LIMITED COMPANY

## INTERNATIONAL BUSINESS APPRAISAL

### MAJOR UK PLC

**Central London** **£26,000 + Car**

This highly profitable UK multinational has, through organic expansion and strategic acquisition, established itself as a market leader in the food manufacturing and commodity sector.

An exceptional opportunity has arisen for an astute and committed individual to join a small high profile team reporting to Board level. The team undertakes a variety of projects of an analytical nature, working in company offices throughout Europe and North America.

Emphasis is placed on taking a business approach to problem solving across a variety of disciplines, including financial management, systems, production and marketing.

The ideal candidate will be a qualified accountant, preferably a graduate, aged between 25 and 32, with previous commercial experience. As well as excellent technical skills, you will need a perceptive and flexible approach, together with the confidence and presence to deal at the highest level throughout the organisation. Language ability would be an advantage but is not essential.

In addition to an excellent salary and other large company benefits, the position offers outstanding opportunities for advancement at both subsidiary and group level worldwide.

Interested applicants should telephone Susie Truswell on 01-437 0464, or write, submitting a brief CV, to the address below.

**ROBERT • WALTERS • ASSOCIATES**  
 RECRUITMENT CONSULTANTS  
 Queens House 1 Leicester Place London WC2H 7BP  
 Telephone: 01-437 0464

*Johnnie Lito*



Handwritten note: *Handwritten text in a box*

## Personal Financial Services

### Partner Designate

**c £50,000**

Our client is an innovative, medium-sized UK, national and international firm of chartered accountants. The tax practice is a rapidly growing and prestigious business area developed through an approach that is both highly efficient and personal. They combine the technical facilities of the large firms with the intimate approach of smaller firms. They wish to appoint a partner designate to lead and be responsible for the Personal Financial Services department. This strategically important role offers a unique opportunity to attain senior status within an established innovative practice.

Candidates should be suitably qualified accountants, lawyers or FTIs with a very strong personal tax background. You should also display a broad range of abilities including strong technical skills, the ability to successfully manage a team of professionals and be able to conduct detailed negotiations at a high level with demanding clients and potential clients together with the tax authorities.

The department's work covers a variety of tax planning aspects for wealthy individuals resident in the UK and abroad including off-shore trusts, estate planning, capital transactions, share option schemes and other incentives for executive employees.

This senior level appointment with a real partnership potential in the short term, demands enthusiasm, commitment and the determination to succeed in this challenging role. If you feel you can meet this exacting criteria, write in strictest confidence to Chris Nelson, Manager, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000 (evenings/weekends 01-785 6545).

**Michael Page Finance**  
International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## E&W Ernst & Whinney

### Corporate Tax Executive

**Luton**

**to £40,000 + car & benefits**

Ernst & Whinney is acknowledged as a major tax adviser to businesses in the UK and throughout the world. The Luton office of Ernst & Whinney is now 130 strong and offers all disciplines needed by clients in the region. The tax department supports the varied needs of a wide client base and has grown rapidly.

A vacancy now exists for an experienced corporate tax executive operating initially as a Senior Tax Manager. The successful applicant will support a vibrant corporate advisory team involved with all aspects of corporate re-organisation and regeneration encompassing investigations for acquisition, disposal, merger and flotation. Emphasis will be on client support, with departmental management responsibilities for more junior staff where appropriate. A fast growing department allows maximum career development and a salary and benefits package which reflects the seniority of this position.

For further information please contact Graham King at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000 (evenings/weekends 01-785 6545). Alternatively contact John Zafar at Michael Page Finance, Centurion House, 136-142 London Road, St. Albans, Herts AL1 1SA or telephone him on (0727) 65813.

**Michael Page Finance**  
International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## FINANCIAL CONTROLLER

### To Provide The Impetus For Strategic Development.

**Central Scotland**

**c £35,000 + Car**

Our client, a market leader, operates within the fiercely competitive FMCG sector. Its exceptional financial performance is derived from maintaining competitive advantage through a constant focus on a co-ordinated, highly innovative and strategic approach to all business practices.

This senior appointment carries financial control responsibility across a multi-product, multi-site division. Specifically it entails the establishment and development of all financial policies and systems to ensure a consistency of preparation and analysis across all locations. The remit covers management accounting and control, budget preparation and performance review and, on an on-going basis, improving the quality of financial information and reporting procedures.

A qualified CA/CIMA, the successful candidate will possess a strong professional track record ideally gained within a fast-moving commercial environment. The ability to manage, motivate and develop our client's financial teams and to provide operational management with high quality financial information and support is essential.

Candidates must be fully familiar with computerised financial control systems and be able to demonstrate the strategic planning and co-ordination skills necessary to ensure the successful development of the function.

An appropriate remuneration and benefits package commensurate with our client's status is offered together with exceptional career development prospects.

Please write, in confidence, giving concise career and salary details and quoting Ref. GMH115 to: Graham Hamilton.

## Abbey

### General Manager

### Group Development and Finance

**c £60,000 Sterling + Benefits**

**U.K. Based (Hertfordshire)**

Abbey p.l.c., with a turnover in excess of St£100m, are a major group involved in property development, house building and plant hire.

The development of organic growth opportunities and good acquisitions have contributed to rapid expansion, and highly impressive profit performances.

To continue with this strategy and pace of growth, we are now retained to identify and recruit a senior finance executive capable of assuming the responsibilities of this new role within the Group.

This position will report to the Group Finance Director while also having a close working relationship with the Chairman and Chief Executive.

Operating at Group level, the key areas of responsibility will include:

- Group Funding, Treasury and Tax Planning.
- Corporate Planning.
- Acquisitions/Business Development Strategy.
- Financial/Management Accounting.
- Information Technology and Management Information Systems.

Candidates applying for this most important post will be qualified chartered accountants aged between 30-45, and must have gained at least three years' relevant experience in most aspects of this type of job, preferably with a major U.K. based organisation. Strong interpersonal skills and a well developed commercial awareness are also essential qualities.

This position offers a genuine challenge and the unique opportunity for the right person to progress quickly with a fast growing Group. Remuneration is structured to attract candidates of the highest calibre and will include a prestige company car.

Candidates should address a curriculum vitae in total confidence, to: Larry Kelly, Ernst & Whinney, Marine House, Clanwilliam Place, Dublin 2, Ireland or alternatively for a confidential discussion telephone him at Dublin 609433.

**KPMG** Peat Marwick McLintock  
Executive Selection  
33/34 Charlotte Square, Edinburgh EH2 4HF.

**E&W Ernst & Whinney**  
Management Consultants  
IRELAND  
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## FINANCIAL CONTROLLER

**£28,000 + car + benefits + opportunity...**

For a leading independent specialist contractor in the manufacture of theatre and television scenery, stage engineering, museum and gallery displays.

Established ten years ago in Central South London the Company now employs 80 staff turning over £3m in 1988 and is already exceeding its forecasted 30% growth for 1989. A strategically significant appointment to complement its strong technical management team is now sought. Achievement of the Company's goals will lead to appointment as Financial Director within twelve months.

You will have responsibility for a small team handling all the financial and cash management functions, statutory and management reporting, also for developing existing costing and budgetary systems, and in addition will provide analytical commercial appraisal and advice at Board level.

The successful candidate will be a CA, CIMA or ACA qualified accountant aged between 30 and 35 demonstrating a successful track record who maybe battle-scarred by the rigours of one-off manufacturing commerce. A natural flair and liking for organisation and administration is essential - acquisition experience and an eye for opportunity will be extremely valuable.

You will be energetic, mature, keen to get out and about, hard dealing and yet have a sense of humour to succeed in this fast turnover high profile industry. Firm financial disciplines are required to maximise the profits generated by a pressurised but dedicated workforce who will reward the person who genuinely enjoys developing individuals into a team drawn from all walks of life.

The Board will have no hesitation in awarding the right candidate capable of picking up this challenging and open opportunity with a valuable share option within 24 months.

Please send a detailed CV in strict confidence to Martin Stainton FCA, at Stainton & Shafto (Appointments), 21 Wigmore Street, London W1H 9LA.

## Financial Accountant

### Central London

**ACAs 28-35**

**c. £28,000 + car**

Our client is a major food importing/exporting group with an annual turnover in excess of £200 Million seeking to recruit a financial accountant to join the Head Office finance function in London.

Reporting to the Deputy General Manager, the role will entail responsibility for the preparation of computer controlled financial accounts, draft budgets, overseeing cashing/treasury and payroll functions, bought ledger, sales ledger, insurances, car scheme etc.

Candidates (male or female) would be considered direct from public practice or with some years financial accounting experience gained in the FMCG sector.

For more information, please contact George Ormrod BA (Oxon) on 01-836 9501 or write with a copy of your CV to Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS, quoting reference No. 3008.

**DOUGLAS LLAMBIAS**

BIRMINGHAM 021 259 21 21 DUBLIN 01 878 6276 EDINBURGH 031 223 7174 GLASGOW 041 228 3101 LONDON 01 836 9501 MANCHESTER 061 238 155

## Financial Planning Analyst

Applied Biosystems is the leading supplier of systems and tools for biotechnology research and related applications. At Applied Biosystems we have experienced sustained high and profitable growth which we expect to continue.

We are currently seeking a Financial Planning Analyst who will be responsible for the provision of short and long term financial information and its analysis to European Management and to the U.S. Headquarters. This will require the organisation of management reporting, including consolidations. This is a new position which is based at our European Headquarters near Manchester. Travel around Europe and to California will be necessary.

The applicant should have a good working knowledge of English and a second European language and have a minimum of three years accounting experience in an international environment. Candidates should also have a recognised accounting qualification, with sound academic achievement.

With the continuing growth of Applied Biosystems, there is wide scope for career advancement into a financial management position. An attractive salary of not less than £28,000 is offered, plus Private Medical Scheme, Contributory Pension Scheme, Profit Share and Share Purchase Plan. Relocation expenses will be paid.

Applied Biosystems is an equal opportunities employer.

Applicants should apply in writing, enclosing a c.v. to Anne Balcerak, European Human Resources Manager, Applied Biosystems Ltd, Kelvin Close, Birchwood Science Park North, Warrington, WA3 7PB.

**Applied Biosystems**

## FINANCIAL ACCOUNTS MANAGER

**St. Albans**

**£25,000 + Car**

An excellent opportunity for a young career minded individual to join the Leisure Division of a major group of companies in the service industry. This position has resulted from the continued expansion of the company and their plans for further acquisition and growth.

As a qualified accountant aged 28-32, you have the initiative and proven technical expertise to make a positive contribution to this progressive organisation. The role will require strong financial management skills, computer literacy and man management ability. Specific experience of the preparation of statutory accounts and tax computations will be particularly relevant.

In return for your commitment, the company offers a generous rewards package and unrivalled promotion prospects. Benefits include a petrol allowance, free medical and life insurance, company pension scheme and relocation assistance.

Interested applicants should contact Jenny Hanford on 0727 35116 (out of hours 0727 56986) or send career details to the address below.

**MANAGEMENT PERSONNEL**  
Eclipse Court, Half Moon Yard, 14b Chequer Street  
St. Albans, Herts AL1 3YD

**Management Personnel**  
RECRUITMENT SOLUTIONS  
LONDON • GUILDFORD • ST. ALBANS • WINDSOR  
NEWBURY • BRISTOL • CAMBRIDGE

### Operations Planning & Analysis Manager

Financial Services  
London c£40,000 package + car

Our client is one of the world's leading financial services groups, market leader in its sector. As a result of business expansion, a vacancy now exists for an Operations Planning and Analysis Manager.

You will lead a small team with responsibility for developing project cost/benefit appraisal and monitoring systems, using both quantitative and qualitative methods to evaluate planning and cost initiatives across the sizeable operational network.

Preferably an ACMA/FCMA with a relevant degree and at least five years' practical experience in large network operations, you will need first-rate analytical skills and ideally be computer literate.

In addition to a high basic salary, the position carries a full financial services benefits package, including subsidised loan facilities.

If you feel you match the demanding standards of a major financial establishment, please write in confidence, enclosing full career details stating how the requirements are met to Paul Banfield, ref. B46046.

MSL International (UK) Ltd, 32 Ashbrook Street, London W1M 3JL.  
Offices in Europe, the Americas, Australia and Asia Pacific.



### Senior Tax Consultant

East Midlands

up to £27,000 + car

Here is yet another opportunity to join one of our young dynamic teams of tax consultants outside London.

You will be based in Leicester, where you will enjoy a wide ranging portfolio of clients from small businesses to multinational corporations. Many of our Leicester clients are moving a head fast and you are likely to experience the tax problems associated with acquisitions,

MBO's and other reorganisation schemes. You should be a chartered accountant or Inland Revenue Inspector (P) with at least 4 years' corporate tax experience. Emphasis will be placed on candidates with good communication skills and an ability to work alongside clients who demand a comprehensive tax service of the highest quality.

with partnership prospects in an expanding office of a large international firm, then please write, with brief CV, to:

Tim Porter  
Tax Staff Partner  
Price Waterhouse  
Southgate House  
61 Millstone Lane  
Leicester LE1 5QA  
Tel. 0533 531981.

Price Waterhouse



OFFICES IN: LONDON • ABERDEEN • BIRMINGHAM • BRISTOL • CARDIFF • EDINBURGH • GLASGOW • LEEDS • LEICESTER • LIVERPOOL • MANCHESTER • MIDLESBROUGH • NEWCASTLE • NOTTINGHAM • REDHILL • ST. ALBANS • SOUTHAMPTON • WINDSOR • ASSOCIATED FIRMS IN IRELAND AND THE CHANNEL ISLANDS

### ACCOUNTS MANAGER

CITY

c£30,000  
+ EXTENSIVE  
BANKING  
BENEFITS

THE FINANCIAL SERVICES SECTOR has had a roller-coaster existence since big-bro had a small number of institutions, primarily through foresight and commitment to their chosen business areas, have continued to prosper.

Our clients are one such organisation. They are a banking group who operate internationally, profitably and in all major markets. Evidence of their approach is shown in the fact that they were not seduced into excessive recruitment and have had no subsequent need to shed staff. As part of their closely controlled growth plans they now require to recruit a candidate, qualified within the last three years, who has gained a knowledge of financial services either through direct experience or audit.

Duties are wide-ranging and because of our clients' commitment to pushing responsibility down-line, offer early exposure to challenging tasks. As well as taking charge of all staff, the position will involve 'classic' financial accounting, further enhancement of sophisticated systems and accounting for specific products and sectors.

This position offers an exciting introduction to an organisation prepared to offer more than 80 services to career development. Please contact Neil J. Hinwood on 01-629 8863 or fax your c.v. on 01-408 0961.



RECRUITMENT CONSULTANTS  
BOND HOUSE, 24-26 WOODSTOCK ST, LONDON W1B 5AF Tel: 01-408 8863

### TAXATION MANAGER

Thames Valley

c£40,000 + Car + Banking Benefits

This rapidly expanding group is committed to enhancing its position as a significant player in the UK retail financial services sector.

As a result of this expansion, there is a requirement for a Taxation Manager to join the financial management team.

Reporting to the Director of Finance, the role will demand the initiation and recommendation of schemes which minimise tax liability whilst maximising shareholder value. As a consequence, the role will also encompass the co-ordination of tax planning and compliance issues throughout the operating entities.

In order to fulfil these requirements, the successful individual will have to demonstrate a notable rate of progression within industry, the Revenue or the profession. Experience of the financial services sector will be an advantage.

The benefits package will include an attractive salary, subsidised mortgage scheme, non-contributory pension and company car.

For further information please contact James Hyde on 01-437 0464 or write, enclosing a brief CV, to the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS  
Queens House 1 Leicester Place London WC2H 7EP  
Telephone: 01-437 0464

### Assistant Auditor

City  
Up to £20,000 + Mortgage Subsidy

Aetna Life and Casualty was founded in the United States in 1853 and is now one of the world's largest financial services groups, ranking amongst the 15 largest US corporations. Aetna launched in the UK in 1985 and UK funds under management are in excess of £400 million. Exceptional growth demands exceptional people and we are now looking for a highly-motivated professional to share the enthusiasm and dedication of our established team.

Reporting to the Audit Manager, you will help with the continued development and implementation of the annual audit plan for international and offshore operations. Together you will monitor new or changed organisational

plans, data processing systems and products/services to determine their financial and operational impact on future business strategies.

If not already qualified, you will certainly be well on the way to qualifying, either as an accountant or as an internal auditor. Previous audit experience, either with a professional firm or in the financial services sector, would be useful. Fluency in a European language would be an advantage.

The rewards will be a starting salary of £16-£20K, subsidised mortgage, non-contributory pension, life assurance and family BUPA. We are a young team and believe in promoting our people on ability.

If you are ready to take the next step in your career and feel you could measure up to this challenge, send a full cv, with details of your current remuneration, to me, Jill Corradi, Director, Human Resources, Aetna International (UK) Limited, 2-12 Pentonville Road, Islington, London N1 9XG.



### Group Finance Director

to £35,000 plus car  
Portsmouth

The SunSail International Group pioneered flotilla sailing holidays and today is the largest such operation in Europe with activities throughout the Mediterranean. The group includes Island Sailing, Yacht Cruising Association, SunSail Clubs and Emsworth Sailing School. Growth has been impressive- turnover has nearly doubled in the last year - and the company plans further growth organically and through acquisition. The head office is situated in attractive offices adjacent to a modern marina. Reporting to the Group Managing

Director, and a member of the small senior management team, you will initially have responsibility for 7 of the 60 head office staff. The company has several joint ventures in the Mediterranean and plans acquisitions further afield; foreign travel is likely to constitute about 10% of your time. A new computer system for reservations and accounting has recently been bought and will require your attention in its implementation. A qualified accountant, aged 28-35, you must have experience of managing an efficient accounts department, and a proven

commercial background, which ideally will include acquisition work. Experience of the travel industry and a knowledge of sailing would be advantageous.

This is an attractive position with great scope for someone wishing to manage the finance function of a young, exciting company. Please write enclosing a CV and salary details, quoting MCS/7015, to Alannah Hunt, Executive Selection Division, Price Waterhouse Management Consultants, No. 1 London Bridge London SE1 9QL.

Price Waterhouse



### European Financial Controller

£75,000 plus benefits

Our client is one of the most successful and prestigious capital markets groups. In recent years a record of innovative responses to the needs of investors and issuers has enhanced its world-wide reputation across all major product areas.

The group is strongly placed to face the challenge which deregulation of the European financial services markets will bring in the next decade, and is now seeking to strengthen its finance team by the appointment of a European Financial Controller. Based in London and reporting directly to the Finance Director, Europe, the role embraces the full range of management and financial accounting.

As well as the technical expertise necessary to handle a wide range of capital markets and banking products, candidates must possess outstanding management skills and an ability to work under pressure in a complex multi-national organisation.

If you are interested in exploring the excellent career opportunity which this position provides, please write quoting ref. FT 02, with full details of your experience to Michael Swaine at the address below. Please state clearly if there are any employers to whom your c.v. should not be sent, as applications will be forwarded direct to the client for their consideration.



197 Knightsbridge, London SW7 1RP.

### Financial Controller

West Midlands

c£25,000 + Car

Our Client is the United Kingdom subsidiary of a prestigious Dutch Group. The Company is about to undergo a period of dynamic change, as an intensive re-investment programme is now underway. Substantial growth is expected in 1989 and future prospects for the Company are excellent.

An opportunity now exists for a commercially aware accountant to join a talented management team as Financial Controller. The position will report to the General Manager and will have responsibility for all aspects of the finance function, company secretarial duties and control of UK tax compliance matters. With restructuring, the role demands an individual with flair, the ability to manage

change, to identify acquisition targets and contribute to the overall commercial growth of the Company. Candidates should be qualified accountants ACA, ACMA, ACCA and aged between 29-36. You will need the ability to take a "hands on" approach to problem solving, have excellent interpersonal skills and the desire to succeed in a dynamic environment. In exchange for your commitment the Company will offer a generous package that will include a car, private health care, pension plus a profit share incentive scheme.

Interested candidates should write to Tony Hodgins ACA, Executive Division, Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST enclosing a fully comprehensive C.V.



Michael Page Finance

International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

